

USAID/ARMENIA

RESULTS REVIEW AND RESOURCE REQUEST (R4)

Please Note:

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The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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From: Dianne Tsitsos, USAID/Armenia Mission Director

To: Steve Haykin, E&E/PCS

Subject: FY 2002 Results Review and Resources Request

This cover memo accompanies the electronic submission of the USAID/Armenia R4. In developing this document, the Mission undertook a detailed review of each of its activities, the results framework and performance to date for each Strategic Objective, and prospects for the future of the USAID Program in Armenia. The process benefited from USAID's ongoing collaboration with the Embassy, as well as from specific consultations on the current R4 and Mission Program Plan (MPP).

In this R4, the Mission is reporting/proposing several program adjustments. Without going into the details that are provided in the R4 Overview, SO Text and Annexes, those that we believe require specific E&E Bureau consideration/approval include:

--The merger of two Strategic Objectives related to private sector growth into a common objective built around the Mission's most ambitious desired result in this area. This action does not involve any substantive changes to the major impacts that were anticipated in the Mission's Strategy. However, the action does include modifications of first-level intermediate results and indicators.

--The merger of two Strategic Objectives related to democracy and governance into a common objective built around the Mission's most ambitious desired result in this area. This action coincides with several programmatic decisions that—regardless of the merger of SOs—require IR-level adjustments. (Specifically, changes in expectations and approach related to the political process and the addition of a parliamentary component to the SO.)

--The elaboration of the Results Framework for the Social Transition SO, including changes in the language of the IRs and the addition of a public works/employment component.

--The introduction of a Special Objective focusing on the environmental impacts of water resources management.

--The formal establishment of a crosscutting/special initiatives category (*de facto*, it has existed), to include participant training and program-funded logistical costs, as well as past and future earmarks (e.g., American University of Armenia, Earthquake Zone).

The Mission has no issues to raise related to program funding. However, I would like to reiterate that we urgently need a dedicated USDH Contracting Officer, and we have

presented our case for such in the Resource Request Section. Likewise, the same Section recommends that the Bureau consider assigning a USDH Controller within the next couple of years in order to minimize the management vulnerability associated with the Mission's consistently high OYB.

Glossary

ABBREVIATIONS AND ACRONYMS

AED	-	Academy for Educational Development
AERC	-	Armenian Energy Regulatory Commission
AIHA	-	American International Health Alliance
AJRA	-	Association of Judges of the Republic of Armenia
ANPP	-	Armenian Nuclear Power Plant
ADRA	-	Adventists Development and Relief Agency
BARA	-	Bar Association of the Republic of Armenia
CARE	-	Cooperative for American Remittances to Europe
CCC	-	Council of Court Chairmen
CEC	-	Central Elections Commission
CIS	-	Commonwealth of Independent States
CMRP	-	Comprehensive Market Reform Program
DFID	-	Department for International Development
DSRO	-	Democracy and Social Reform Office
EBRD	-	European Bank for Reconstruction and Development
ENI	-	Europe and New Independent States
EREO	-	Economic Reform and Energy Office
EU	-	European Union
EU/TACIS	-	European Union Technical Assistance CIS
FINCA	-	Foundation for International Cooperative Assistance
GDP	-	Gross Domestic Product
GOA	-	Government of Armenia
GTZ	-	Gesellschaft für Technische Zusammenarbeit
IBTCI	-	International Business and Technical Consultants, Inc
IESC	-	International Executives Service Corps
IFC	-	International Finance Corporation
JHU	-	Johns Hopkins University
IMF	-	International Monetary Fund
MOJ	-	Ministry of Justice
NGO	-	Non-governmental Organization
NIS	-	New Independent States
OSCE	-	Organization for Security and Cooperation in Europe
OSI	-	Open Society Institute
ROA	-	Republic of Armenia
SME	-	Small and Medium Enterprises
SO	-	Strategic Objective
SOE	-	State-Owned Enterprise
SpO	-	Special Objective
UMCOR	-	United Methodist Committee on Relief
UNDP	-	United Nations Development Program
UNICEF	-	United Nations Children's Fund
USAID	-	U.S. Agency for International Development
USDA	-	U.S. Department of Agriculture
USEA	-	U.S. Energy Association
USG	-	U.S. Government
USIS	-	U.S. Information Service
WFP	-	World Food Program
WHO	-	World Health Organization
WTO	-	World Trade Organization
WVI	-	World Vision International

Part I:

Since its independence, Armenia has emerged as a strategically important republic in the Caucasus, whose progress towards a democratic polity and free market economy is critical to U.S. interests in the region. U.S. engagement in Armenia is focused on promoting economic growth and political stability, to include regional economic integration and political cooperation—most notably a settlement of the Nagorno Karabakh conflict. The current USAID/Armenia program is fully integrated into the Embassy's MPP, including the Chief of Missions statement, which identifies conflict resolution, democracy, rule of law and human rights, economic development and prosperity, and social sector development as the United States' highest priorities in the country. During the last year, progress towards achievement of the USG's broader objectives—and specifically towards USAID's Strategic Objectives—was significantly hindered by the violent terrorist event that shook Armenia. The Mission has made some programmatic adjustments based on the country situation. However, since Armenia's long-term sustainable development continues to depend on the structural reform of its economic and political systems and institutions, the need to stay the course on reform remains the underlying principle of the USAID program.

While the Mission's last R4 spoke enthusiastically of Armenia's march towards economic and democratic reforms and presented a "cautiously optimistic" view of the future, the landscape looks different a year later. The pace of the reform process in general slowed last Spring in the lead-up to the May Parliamentary elections, and came to a practical standstill as the new GOA settled into office and launched a review of government policy. However, by the autumn, the new Prime Minister (Vazgen Sargsian) indicated that he would place the full weight of his office behind reinvigorating the reform process, with a special focus on combating corruption. Then the tragic assassinations in October 1999 of the Prime Minister, the Speaker of the Parliament and six other senior officials immersed Armenia in a political and social crisis—with economic implications—from which it has yet to fully emerge. Furthermore, the promising peace negotiations between the Presidents of Armenia and Azerbaijan have yet to result in the resolution of the conflict over Nagorno Karabakh, or lift the associated trade embargo imposed on Armenia by Azerbaijan and Turkey.

In the aftermath of the October slayings, relations between the Presidency and Prime Ministry have been strained. The "Unity" coalition in Parliament formed by the late Prime Minister and Speaker appears to have been shaken, with several new parties—including those with anti-reform tendencies—joining the government. While throughout this prolonged period of crisis the foundations of government were sufficiently solid for Armenia to adhere to democratic values and constitutional procedures, the situation has led to an increasing sense of despair among the Armenian populace. For example, a recent survey conducted by the Embassy (Public Diplomacy Section) reveals that 25% or less of Armenians believe that the GOA is doing a good job in maintaining law and order, protecting citizens' rights, promoting economic development, paying wages, combating corruption or providing social protection. Likewise, in a recent USAID survey, no more than 26% of those polled expressed satisfaction that national, Marzpet or local governing bodies are responsive to their needs. Finally, the state of affairs in Armenia may be best reflected by the continuing out-migration of its citizens, with unofficial estimates that at least one-third of Armenians have left the country since its independence.

Within this context, it is not surprising that performance against the results envisioned for the USAID program in 1999 was disappointing. Looking at the year's overall economic performance, GDP growth was only 3%, private sector production as a share of GDP remained static, and foreign investment in Armenia fell drastically. Little progress was made in furthering privatization goals or taking the legislative/policy steps needed to provide an environment conducive to private sector growth. Notwithstanding these negative trends, USAID can cite several notable successes, including: the transition from a voucher to a cash privatization system; the establishment of new operating procedures and administrative practices for district tax offices, including implementation at two pilot sites—with an early indication of increased collections; the development of internationally acceptable accounting/auditing standards for Armenia and the conversion of banks and enterprises to those standards; and the provision of firm-level assistance resulting in approximately 4,700 new jobs.

Over the last year, USAID's technical and commodity support to the Energy Sector—in areas such as the preparation for distribution/generation company privatization, establishment of an independent regulatory commission, analysis of alternate sources of energy and preliminary efforts to improve efficiency and combat waste and corruption—has made significant progress towards a sustainable energy sector. Ultimate success still hangs in the balance, as privatization has fallen at least six months behind schedule and the GOA's commitment to ensuring a fully transparent selection process has been strained by strong pressures from Russia. In addition, it is not clear that the GOA will have the political will or ability to implement several measures related to the establishment of a legal and regulatory framework that will facilitate energy sector restructuring.

There were marked improvements in the conduct of national and local election administration over the past year. In addition, Armenia seems to have weathered the constitutional crisis resulting from the October assassinations—not a minor accomplishment. Nevertheless, the Mission's democracy and governance (D/G) program confronted several major obstacles. Widespread allegations of corruption, citizens' lack of confidence in the political process, and continued political tension and instability created an environment that undermined the potential for success of USAID's interventions. Efforts to enhance the role and functions of NGOs, strengthen independent media and restructure the judiciary had some impact. Nonetheless, little headway was made towards our objective of establishing more transparent, accountable, and responsive national and local governance.

The Mission's Social Transition Program is still in the procurement phase. However, predecessor community-level programs benefited more than 100,000 Armenians through improved irrigation and water systems, renovation of health and education facilities, and food-for-work programs.

Based on the country context, the Mission's performance assessment and consultations with the Embassy, this R4 proposes several program adjustments. For the most part, these adjustments represent either new phases or emphasis shifts within the framework established in the Mission's approved Strategy. They do not reflect any change in the Mission's commitment to continue to support and apply pressure to the GOA to carry out structural reform—which remains the only option for ensuring Armenia's long-term sustainable economic and democratic development.

USAID will, however, provide more resources for people-oriented initiatives such as support for agribusinesses and other SMEs, health care, social services, public works and NGO programs. Striking this balance is especially critical as USAID attempts to ensure that the impacts of its investments are felt by the population, in order to offset the hardships of transition and to ensure public support for reform. If the structural reform process continues to falter, USAID may shift even more resources to community, firm-level and non-governmental initiatives.

In summary, the Mission's proposed adjustments in each sector are:

- 1) As recommended by the USAID/Washington team that reviewed the Comprehensive Market Reform Program, the Mission will refine and continue each of the elements of the Program (accounting, tax/fiscal, capital markets, land and privatization). Within each component, the Mission will attempt to more explicitly address corruption issues and the need to enhance the public's understanding of the reform process. In order to specifically respond to the USG's priorities of supporting anti-corruption efforts and promoting regional trade, USAID plans to incorporate customs reform into its package of future tax/fiscal assistance. However, future support for capital markets development is pending the passage of an appropriate securities law and support for privatization hinges on the GOA's willingness and ability to tender those state-owned enterprises that have the most potential of attracting private investors. The most significant programming shift in this sector will be the dedication of resources to more and larger-value firm-level assistance efforts.
- 2) In the Energy Sector, USAID will begin to phase-down assistance to restructuring and privatization efforts, and increase its focus on regulation, demand-side management and the development of economically efficient and environmentally sound energy sources. Failure of the privatization process—which now hangs in the balance—would require a reappraisal of the SO, but would not necessarily obviate the need for interventions in these areas.
- 3) The major adjustments in the Mission's Democracy and Governance portfolio relate to the lack of progress in the area of political processes, specifically the Central Election Committee's (CEC) refusal to take the steps necessary to further improve elections administration and the absence of mature political parties. Therefore, the Mission is likely to discontinue its support for election administration and political party development this summer. Instead, USAID will expand civic education programs and new grassroots-level advocacy activities. As part of its new local government program, the Mission will focus on encouraging citizen participation at that level. The Mission will also pursue options to increase awareness of corruption and the means to combat it. In addition, taking advantage of the positive results of the last parliamentary elections, the Mission will begin a new program with the National Assembly to develop the parliamentary committees and strengthen legislative branch capabilities.
- 4) The Mission proposes to add a new water management special objective—with a limited timeframe and investment level focusing on the monitoring of water quantity and quality. This initiative has a direct relationship to several key Mission and USG priorities (e.g., private sector growth, health, community participation and regional cooperation).

Finally, while the cross-cutting issues of public education, corruption and civil service reform are addressed to some extent under one or more Strategic Objectives, the Mission is engaged in a multi-donor process to identify problems and new opportunities in these areas. The Mission will coordinate with the Embassy to include such items—as well as other issues related to the USAID Program—in the agenda of the recently established United States-Armenia Joint Task Force. Despite the difficulties confronted during the last year, the Embassy/USAID are poised to continue and strengthen their partnership with the new GOA and Armenian non-governmental actors to establish a framework conducive to private sector growth through a reinvigorated reform process, better provide for the needs of Armenia's poor, and establish a stable and democratic political environment in the country and region. However, if efforts to engage and influence the GOA at its highest levels do not pay dividends in the coming year, the Mission may need to re-think its Strategy, perhaps looking at program options that place even greater emphasis on the role of private sector and non-governmental actors.

Part II:

Country/Organization: USAID Armenia

Objective ID: 111-013-01

Objective Name: Growth of a Competitive Private Sector

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: Performance of the Mission's economic restructuring portfolio over the last year did not meet expectations, primarily due to a range of major policy-level obstacles that have yet to be resolved. The structural reform process stalled, first in the run-up to May's Parliamentary elections, then during the settling-in period of the new GOA, and finally in the aftermath of the October assassinations. Disappointing progress in areas such as privatization, capital markets development and the registration/sale of property continued to stifle private sector activity. This situation is exacerbated by rampant corruption and the generalized ineffectiveness of GOA institutions in establishing an environment that will facilitate private sector growth. Real GDP growth in 1999 was positive for the sixth year in a row, but at approximately 3% it was below the 5% target the GOA had established for the year and significantly below the 7.2% growth rate achieved in 1998. Furthermore, foreign investment in 1999 probably reached no more than \$100 million, less than half that of 1998 and less than one-third of the annual target the GOA hopes to reach within the next two years. Notwithstanding this negative performance and outlook, the USAID program has had various activity-level accomplishments that—if critical policy issues can be resolved—will facilitate sustainable increases in employment and income in Armenia during the life of this SO.

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input checked="" type="checkbox"/> 1.2 Ag Development/Food Security |
| <input checked="" type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |

☐ 7.3 Commit Sustainable Development Assured ☐ 7.4 Technical/Managerial Capacity Expand

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Open Markets

Summary of the SO:

This Strategic Objective, which combines the elements of the Mission's previous "Private Sector/1.3" and "Investment/1.4" SOs, directly contributes to the Mission's goal of increasing employment and income opportunities in Armenia through a dual approach: 1) promotion of policy, legal and regulatory changes to improve the prospects for competitive business development and private investment; and 2) provision of firm-level credit, technical assistance and training. (The rationale for and details of the merger of SOs is included in the Results Framework Annex.) The inter-related results the Mission hopes to achieve through this SO are: 1) privatization of state-owned holdings; 2) establishment of a policy, legal and institutional environment conducive to private sector activity; 3) increased access to financial capital; and 4) increased capacity of private enterprises in selected sub-sectors to conduct business.

Assuming that the GOA will play a more proactive and effective role in supporting private sector growth, by 2003 USAID still expects that the private sector production will be at least 72% of GDP (compared to 55% in 1997), 80% of total employment will be in the private sector (compared to 56% in 1997), and bank credit to the private non-banking sector will be increasing at an annual rate of 20-25%. In addition, by the end of the Strategy period, jobs will be created and income, production and exports increased as a result of USAID's targeted firm-level programs. USAID programs will directly benefit private sector actors who will be better placed to expand business activity and make rational investment decisions, as well as the GOA agencies overseeing the emerging market framework. Ultimately, all Armenians will benefit from increased employment, income and economic stability.

Key Results:

The significant resources and efforts USAID and other donors have dedicated to the privatization process were instrumental in the establishment of the mechanisms required to privatize state holdings, and the completion of several high profile privatizations in prior years. However, at the end of 1999, only 30 firms out of a universe of 660 had been privatized or liquidated. According the EBRD's Transition Report, Armenia showed little or no progress in its Enterprise Restructuring Index, scoring only 2 on a 1-4 scale, as bankruptcy norms, competition and corporate governance are still considered below par. This EBRD score is consistent with USAID's judgment as to the GOA's failure to take action on several pieces of legislation that are critical to the accomplishment of this SO. Notwithstanding the general stagnation, USAID support was instrumental in the improvement of bank supervision, adoption and firm-level implementation of international accounting standards, and development of electronic payment systems. There has also been a recent trend towards more rational interest rates. Progress in these areas was reflected in the EBRD's Banking Reform Index, which showed a slight improvement in Armenia, with a 2+ score indicating some progress towards bank

solvency/supervision and access to financing. However, the GOA failed to complete action on several critical financial sector measures, most significantly the still lagging Security Markets Law. Despite this disappointing context, USAID has had some success in delivering credit and technical assistance to targeted enterprises, resulting in an estimated 4,700 new jobs and more than \$1.5 million in new sales among assisted firms in 1999.

Performance and Prospects:

In 1999, USAID--working in close coordination with the World Bank--provided technical support and applied political/financial leverage to encourage the GOA to carry out an aggressive and transparent privatization process. On the positive side, this support was instrumental in assisting the GOA in the transition from a voucher to a cash process; the comprehensive identification of state-owned enterprises (SOEs) to be privatized or liquidated; the privatization of Hotel Yerevan; and the issuance of three GOA decrees in December committing to a timetable for moving more than 500 SOEs, including 21 strategic enterprises, into the privatization pipeline. However, even these positive steps generally ran behind schedule, and the new GOA has yet to take the aggressive measures that are required to implement the December decrees. Likewise, USAID's efforts related to land privatization were successful in establishing the technical basis upon which a private land market could develop—e.g., the Law on Registration of Property was passed, approximately 57,000 real estate units have been surveyed and registered, and an improved data base, registration and titling system was established. However, the GOA has not yet enacted key laws permitting ownership of urban land nor ownership of land by private enterprises.

There are several notable successes to be cited at the activity-level relative to the policy/legal/institutional framework in Armenia. New automated operating procedures and administrative practices were established for district tax offices and implemented at two pilot sites—with an early indication of increased collections. Steps were taken towards establishing a more rational public sector budgeting process, especially the development of a GOA Medium-Term Expenditure Framework. Creation of an Electronic Transfer Payment System, on target to be completed this summer, will provide the capacity for local commercial banks to issue and process local and international credit/debit cards, a major step forward for the financial sector and the business environment as a whole. With USAID support, new accounting and auditing standards complying with international standards have been drafted and formally adopted, with completion of the processes expected in May and December respectively. In addition, training, certification and curriculum development related to the standards have been carried out, and the conversion of banks/enterprises to IAS has progressed at a satisfactory pace. Future USAID assistance will be designed to enhance the role of self-regulating organizations (SROs) in the accounting/auditing reform process and to promote managerial accounting.

These positive steps, however, are not sufficient to reinvigorate the economic restructuring process, which requires aggressive and immediate GOA action on the policy and legislative front. (annexes include a summary of the pending GOA actions which USAID considers most critical to the accomplishment of this and its other Strategic Objectives.)

Progress towards increasing access to financial capital, at least in the non-banking financial sector, has been extremely disappointing. Development of a commercially viable capital market was a focus of USAID Support over the last year, especially the enactment of an appropriate

Securities Market Law. After many delays, the fate of this Law remains in doubt—and with it that of any future USAID support in this area. On the banking side, Mission efforts to improve banking supervision were initiated in November, and appear to be on-track to succeed. However, access to credit remains a problem, as macro-economic stagnation limits the mobilization of savings, and interest rates, collateral requirements and other legal issues have had a negative impact on bank-financing in general and USAID credit programs in particular. The most problematic of these activities—Shorebank—has recently refocused its flagship loan product in an attempt to increase the attractiveness and outreach of its loan portfolio. As USAID attempts to increase the access of SMEs and microenterprises to credit, the recent decline in interest rates for government debt instruments and the fact that banks are assuming greater risk in donor-funded credit programs (e.g., in the Eurasia and Shorebank programs, banks now assume 50% of risk) are seen as positive signals.

While the Mission put in place a comprehensive approach to market reform in late 1998, the amount of resources dedicated to firm-level assistance has been relatively small, as such support has generally been designed to fill gaps in other-donor programs. Notwithstanding the limited scale of these interventions, in 1999 USAID activities resulted in 600 firms converting to IAS; the training of more than 700 (44% female) managers, entrepreneurs and consultants; the establishment of 6 business associations; assistance to various associations with memberships totaling more than 650 (40% female); and the provision of 35 loans to SMEs (9% women-headed) and 569 loans to micro-entrepreneurs (85% women).

Possible Adjustments to Plans:

In February 2000, a USAID/Washington Team conducted a review of the Comprehensive Market Reform Program (CMRP) in Armenia. (The elements of the CMRP are: accounting reform, capital markets development, tax/fiscal reform, land registration and titling, and privatization.) The Team assessed progress to date and recommended the continuation of the major elements of the CMRP, pending certain prior GOA actions and with several modifications to scopes of work. The Team also highlighted the failure of ad hoc efforts to develop the general populace's understanding of and support for economic restructuring, and pointed out the need for a comprehensive approach to public education on the reform process. The Mission will pursue these suggestions, especially a comprehensive public education effort in coordination with the Embassy. In addition, as a result of this review and the Mission's internal portfolio review, USAID's private sector program will be adjusted in several ways. The most significant change will be the shift of resources to firm-level activities, beginning with the late summer start-up of comprehensive support to agribusinesses. This area is attractive to the Mission both for its immediate growth potential and for the particular target groups it will reach (i.e., more rural and poorer segments of the population, as well as women who may comprise 40% of all employees in agriculture and related industries). USAID will also conduct an assessment of other SME opportunities this spring. While this approach would be enhanced by movement towards structural reform, it is not entirely dependent on it. The new agribusiness activity and any initiatives that emerge from the SME assessment will fill a significant gap in the Mission's current private sector portfolio and will complement other ongoing USG activities (e.g., the USDA's Marketing Assistance Project).

To date, corruption issues have been addressed within various elements of USAID's CMRP. The Mission expects anti-corruption to become a more significant and explicit focus of its

portfolio, especially related to overall civil service reform, the nationwide roll-out of automated tax systems, restructuring of district tax offices, decentralization of the property tax system and reform of the Customs Authority.

The commitment of additional USAID resources to the privatization process (beyond the July expiration of the current task order) will require GOA action in the very near term to successfully privatize several of the most attractive SOEs through transparent international tender. Even if the privatization process is reinvigorated, USAID anticipates reducing its investment in this area, focusing its resources on case-specific efforts. Finally, as discussed above, future support for capital markets development is contingent on the timely passage of an appropriate Security Markets Law. To the extent that additional resources become available based on reductions and/or closeout in these areas, funding will most likely be used to augment SME support and anti-corruption/civil service reform efforts.

Other Donor Programs:

USAID works closely with the World Bank to develop and apply loan conditionality related to privatization. EU/TACIS has a small program providing training in accounting reform that is complementary to USAID's broader program. Various non-USAID credit programs target particular niches: EU/TACIS, UMCOR and USDA target the agricultural sector; and the World Bank and Lincy Foundation provide larger loans (\$100,000 - \$1,000,000). The (British) Department for International Development (DFID), EU and the World Bank are providing preliminary assistance related to civil service reform. DFID also has provided an advisor on customs systems; his work is feeding into the Mission's customs diagnostic that is currently underway. USAID coordinates its banking sector activities with the IMF resident advisor for bank supervision. EU and World Bank support for the land titling process has complemented USAID land registration and surveying work.

Major Contractors and Grantees:

Current contractors and grantees include the Eurasia Foundation, Shorebank, Foundation for International Community Assistance, and World Vision International (credit and technical assistance for micro, small and medium enterprises); International Executive Service Corps and the Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (technical assistance to firms and farmers); Sibley International (accounting reform); International Business and Technical Consultants, Incorporated (privatization); Price Waterhouse/Coopers (capital market development); the Barents Group (tax/fiscal reform, bank supervision); RONCO (land registration/titling); Chemonics (commercial law); and the Academy for Educational Development (training).

Performance Data Table

Objective Name: Growth of a Competitive Private Sector			
Objective ID: 110-013-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Growth of a Competitive Private Sector			
Indicator: Private sector share of GDP			
Unit of Measure: % of GDP	Year	Planned	Actual
Source: EBRD Transition Report	1997	Baseline	55
Indicator/Description: Share of the private sector in value added output. Private sector is defined as firms with less than 50% state ownership.	1998	60	60
	1999	65	60 (*)
	2000	65	
	2001	68	
	2002	70	
Comments: A considerable amount of economic activity is "off the books" and is not captured by any statistical source. However, this indicator is consistent with 1999's slower rate of GDP growth and stalled privatization process. (*) As of Q2. End-of-year data will be available in April/May.	2003	72	

Performance Data Table

Objective Name: Growth of a Competitive Private Sector			
Objective ID: 110-013-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Growth of a Competitive Private Sector			
Indicator: Private sector share of Employment			
Unit of Measure: % of total employment	Year	Planned	Actual
Source: Ministry of Statistics of ROA and IMF Annual Report	1997	Baseline	56
	1998	61	66
Indicator/Description: The labor force excludes students but employees of farm and cooperative sector	1999	63	70
	2000	73	
	2001	75	
	2002	48	
	2003	80	
<p>Comments: In 1999 overall unemployment increased from 9.3% to 11.6%, which could explain the jump in this indicator, without a similar change in the production indicator (i.e., public sector jobs - with less impact on GDP - were lost at a greater rate than those in the private sector).</p> <p>The fact that private sector production does not appear to have increased along with employment could also indicate a decline in overall productivity.</p> <p>Considering these two SO indicators together, it is clear that the private sector is a more resilient employer in the current Armenian context, but that overall economic performance in 1999 was below expectations.</p>			

Performance Data Table

Objective Name: Growth of a Competitive Private Sector			
Objective ID: 110-013-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Policy, Legal and Institutional Environment Conducive to Private Sector Activity			
Indicator: Euromoney Index of Country Risk			
Unit of Measure: 0-100 point scale	Year	Planned	Actual
Source: Euromoney Magazine	1997	Baseline	25.62
Indicator/Description: The index includes political risk, economic performance, debt indicators, debt default or rescheduling, credit ratings, access to short-term financing, access to capital markets and discount on forfeiture. Higher # indicates better economic prospects and investment opportunities (lower risk). Scores are calculated on a semi-annual basis (March and September).	1998	34	32.73
	1999	36	29.63
	2000	37	
	2001	39	
	2002	40	
	2003	42	
Comments: The drop in Armenia's score over the last year (which currently ranks Armenia #134 out of 180 countries) is consistent with the Mission's independent assessment that significant actions to improve the policy/legal/institutional environment were not taken in 1999. In fact, in the aftermath of the October 1999 assassinations, it is possible that Armenia's score in the March Euromoney Index will be even lower.			

Performance Data Table

Objective Name: Growth of a Competitive Private Sector			
Objective ID: 110-013-01			
Approved: 1999		Country/Organization: USAID/Armenia	
Result Name: State Owned Privatized and Liquidated			
Indicator: # of privatizations and liquidations			
Unit of Measure: # (cumulative)	Year	Planned	Actual
Source: IBTCI and Ministry of State Property Management	1998	Baseline	0
	1999	250	30
Indicator/Description: Privatization defined as controlling interest sold with minimum of 50% of shares in private hands. Liquidations defined as sale or transfer of assets and write-off of liabilities. Based on a total of 660 identified for cash privatization.	2000	130	N/A
	2001	230	N/A
	2002	330	N/A
	2003	430	N/A
Comments: Previously, 850 was considered the universe of potential privatizations/liquidations. The refined list comprises 660 firms eligible for cash privatization. The targets previously established for 1999 and future years have proved untenable, in part due to the redefinition of the list, but mainly due to significant delays in the process. They have been adjusted accordingly.			

Country/Organization: USAID/Armenia

Objective ID: 111-015-01

Objective Name: A More Economically and Environmentally Sustainable Energy Sector

Self Assessment: On Track

Self Assessment Narrative: Over the last year, USAID's technical and commodity support--in areas such as the preparation for distribution/generation company privatization, establishment of an independent regulatory commission, analysis of alternate sources of energy and preliminary efforts to improve efficiency--has laid the groundwork for a sustainable energy sector. Despite this generally satisfactory progress, the success of this Objective hangs in the balance, as privatization has fallen at least six months behind schedule and the GOA's commitment to ensuring a transparent selection process has been called into question. In addition, it is not clear that the GOA will have the political will or ability to implement several measures related to the completion of a legal and regulatory framework that is supportive of a restructured energy sector. While USAID is optimistic that past successes and future assistance will lead to the accomplishment of this Objective, progress in the coming months will have to be monitored closely. It will be especially important that USAID and other donors coordinate efforts and apply consistent pressure on the GOA to comply with World Bank conditionality related to privatization. (Note: There is no primary linkage to "Private Markets"--as cited below; it is listed because of a flaw in the template.)

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one) 5.4 Environmentally Sound Energy

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input checked="" type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input checked="" type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Environment

Summary of the SO:

USAID's energy sector assistance began in FY 1992, responding to the emergency situation faced by Armenia in that period (e.g., power outages as the norm, limited winter heating options). Humanitarian-oriented efforts included the provision of fuel oil, natural gas and spare parts for electricity generation from the thermal power plants, and weatherization of numerous facilities (hospitals, schools, etc.). Currently, USAID's energy sector program has evolved to focus on systemic reform to: 1) increase private sector participation; 2) promote economic and environmental efficiency; and 3) diversify energy sources. By FY 2003, it is expected that the energy sector in Armenia will be economically and environmentally sustainable, with revenues covering operating costs, significant energy savings through demand-side management, and concrete alternative generation projects identified to allow a reduction in nuclear power as a share of total generation. The direct beneficiaries of USAID's interventions in this area will be the restructured enterprises, regulators and GOA agencies that will be better equipped to contribute to the development of a rational energy sector. The entire Armenian population will benefit from the economic revitalization and stability engendered by USAID's energy sector support.

Key Results:

While the most important benefits of USAID's support are dependent on the completion of processes now underway, noticeable progress has been made through the end of 1999. By the third quarter of 1999, sector revenues covered 58.8% of total costs (compared to 22.1% in 1997). There was little improvement in the area of energy efficiency between 1995-1998; but last year Armenia may have reduced the amount of energy consumption per unit of GDP by up to 10%. Energy sector restructuring has been largely completed and the tendering process for the privatization of all distribution companies is well under way, although it is at least 6 months behind schedule. In addition, Armenia stills faces the challenges posed by its continued dependence on gas from Russia and generation from the Armenian Nuclear Power Plant/ANPP (the latter provides roughly 40% of Armenia's generated electricity).

Performance and Prospects:

Over the last year, USAID's efforts to promote greater private sector participation in the energy sector focused on the preparation of tendering documents for the four distribution companies, technical assistance to ensure an open and transparent bidding process, and the development of a strategy for privatizing generation and transmission entities. At present, a short list of bidders for the distribution companies has been established, but it is too soon to estimate the level of investment that will be attracted or to determine if award will be based solely on the quality of bids. However, assuming the successful completion of this process by the end of the year, the Mission anticipates supporting a similar transfer of thermal and hydroelectric generation to the private sector over the next two years. The first stage of this support included the identification

of the rehabilitation needs of one of Armenia's most important hydropower cascades. USAID is also facilitating the privatization process through its assistance to the Armenian Energy Regulatory Commission (AERC), with the intention that the AERC will be able to independently and effectively establish tariffs, issue licenses and implement energy sector regulatory policies. The AERC's internal rules and procedures were developed, licenses were issued to most power sector enterprises, and systems were established related to financial modeling, tariff estimation and debt handling. Progress in these areas is essential to the long-term efficiency of the sector, and therefore a prerequisite to attracting private investment.

USAID's interests in increasing the economic and environmental efficiency of Armenia's energy sector are closely linked to the privatization process. One indication of movement in a positive direction was the raising of electricity rates in 1999 by more than 20%, although the current rate is still only 85% of the projected full cost-recovery rate and a 40% gap continues to exist between current sector revenues and the revenues required to cover all system costs. (The gap in 1997 was 78%.) To ensure continued progress in this area, USAID is undertaking several demand- and supply-side interventions. The most significant of these is a \$15 million metering program designed to improve the commercial operations of the power sector through the provision of technical assistance, training and equipment for the transmission and distribution network system, instrument transformers, test and calibration equipment and data analysis/processing. Systems have already been upgraded in two pilot areas, resulting in as much as a 35% increase in collections. Nationwide metering of the transmission system and distribution sub-stations will be completed by the end of 2000, thereby reducing commercial and physical losses and making the wholesale power market more attractive to private sector investors. Weatherization of four schools was completed by end of 1999; while this specific work will have little impact on broader energy use patterns, USAID's interventions are designed to be a model for future efforts to promote energy savings. To lay the foundation for larger-scale work in this area, USAID financed the development of an Armenia-specific demand-side management screening tool to analyze the energy efficiencies of alternate technologies relative to their cost-effectiveness and technical feasibility. To provide an appropriate legal and institutional framework for improving Armenia's energy efficiency, USAID's technical assistance to the Ministry of Energy led to the development of Energy Law amendments designed to create a power market and strengthen the AERC's role. However, the achievement of Mission's efficiency targets is largely contingent on the GOA's commitment and ability to implement these and other similar measures, perhaps most importantly the establishment of a truly independent and transparent AERC.

The rationale for diversifying Armenia's energy sources is based on broad environmental and economic considerations, but is also closely linked to the USG's and other donors' desire to see the ANPP closed by 2004. The commitment of the GOA to close the plant by 2004 appears to be wavering, and there is little possibility that such an action will be taken prior to the development of alternate energy sources. Therefore, USAID began a major effort in 1999 to support the GOA to identify the least-cost generation options to replacing power currently generated by the ANPP. Likewise, a USAID-financed assessment of the potential use of coal as an energy source revealed that Armenia's major coal field might be 20 times larger and of higher quality than projected by Soviet-era studies. USAID does not have the financial resources to carry out large-scale infrastructure projects, and the closure of the ANPP and diversification of energy sources is

tied to major geopolitical issues that are beyond USAID's manageable interests (e.g., the Transcaspian Pipeline, dependence on Russia for gas supplies, construction of a gas pipeline from Iran). However, USAID's advance technical work is critical to promoting private, public and multilateral investments to develop generation options. Related to this objective, the Mission--in coordination with USAID/Tbilisi--recently initiated a program designed to promote regional cross-border energy trade through an assessment of needs, load forecasting and cost-benefit analysis. While dependent on regional political conditions, application of the results of this work could occur as early as mid-2000.

Possible Adjustments to Plans:

Much of the Mission's future energy sector support hinges on the successful privatization of distribution companies, which would lead to a focus in 2000/2001 on the privatization of generation companies. At the same time, USAID will dedicate increasing levels of funding to market rules and AERC development, in order to ensure an appropriate environment for private investors, promote financial solvency and minimize opportunities for corruption. Finally, in 2000 USAID also anticipates launching its first comprehensive efforts related to energy efficiency and demand-side management and will pursue further technical studies and pilot activities related to the development of alternate fuels, including renewables. This will represent a major shift in the Mission's priorities, as restructuring/privatization efforts wind down and regulation, efficiency and diversification objectives take center stage.

Other Donor Programs:

USAID's energy sector initiatives are coordinated closely with World Bank programs, which support the rehabilitation and strengthening of the power transmission and distribution infrastructure. The European Union assists the Ministry of Energy in developing energy efficiency policies and legislation, as well as billing and collection systems. The most critical interactions between USAID and other-donors have been those related to energy sector conditionality for multilateral financing, which has been based largely on USAID technical inputs. USAID, the World Bank and EBRD have presented a unified front in an effort to ensure GOA adherence to the open and transparent process established for the tendering of distribution companies. Based largely on the technical assistance provided to date by USAID, the EBRD is expected to take up to a 20% equity stake in the privatized distribution companies. While the private sector is considered the most likely investor for major infrastructure projects, the World Bank, EBRD, EU, Japan and Germany have financed or may finance such efforts. Various other donors, especially the EU, share the USG's interest in closing the ANPP and have been active in negotiating such with the GOA.

Major Contractors and Grantees:

Current contractors include Hagler Bailly, Advanced Engineering Associates International /Resource Management Associates, and the Academy for Educational Development. Partnerships have been established with the U.S. Energy Association and U.S. National Association of Utility Regulatory Commissioners. USAID also provides funding to other USG agencies for energy sector programs in Armenia including the U.S. Department of Energy, U.S. Nuclear Regulatory Agency, and U.S. Geological Survey.

Performance Data Table

Objective Name: A More Economically and Environmentally Sustainable Energy Sector			
Objective ID: 111-015-01			
Approved: 1999		Country/Organization: USAID/Armenia	
Result Name: A More Economically and Environmentally Sustainable Energy Sector			
Indicator: Sector revenues attaining full cost recovery			
Unit of Measure: Sector revenues as a percentage of ideal revenue requirement	Year	Planned	Actual
Source: Hagler Bailly (with input from the Energy Regulatory Commission Technical Dept., Ministry of Energy Main Technical Dept., World Bank)	1996	33.3%	22.1%
	1998	52.1%	47.4%
	1999	60.6%	58.8%
	2000	74.8%	N/A
Indicator/Description: Sector collected revenues approaching the level adequate to recover full depreciation on revalued assets and to meet operations and maintenance costs, including adequate maintenance on property, plant and equipment.	2001	86.0%	N/A
	2002	94.1%	N/A
	2003	97%	N/A
Comments: For economic sustainability, sector enterprises must bill and collect revenues that include full cost recovery including operations, maintenance, depreciation and a normal rate of profit. This indicator is calculated from estimates of: (a) the actual tariff as a percentage of the full cost recovery tariff ; (b), the percentage of billed energy collected; and (c) the percentage of commercial losses, as: [a x b x (1-c)].			

Performance Data Table

Objective Name: A More Economically and Environmentally Sustainable Energy Sector			
Objective ID: 111-015-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: A More Economically and Environmentally Sustainable Energy Sector			
Indicator: Energy consumption per unit of output			
Unit of Measure: Kilograms of energy use (oil equivalent) per unit of GDP (1987 dollars)	Year	Planned	Actual
	1995	Baseline	0.69
Source: Hagler Bailly (with input from the Ministry of Energy Main Technical Policy Dept., IMF, Min. of Economy)	1996	NA	0.66
	1997	NA	0.63
	1998	0.61	0.64
Indicator/Description: Electricity and natural gas consumption (except for gas delivered to Thermal Power Plants) converted to standard units of oil equivalent per unit of GDP.	1999	0.55	0.58*
	2000	0.53	NA
	2001	0.51	NA
	2002	0.49	NA
Comments: Between 2000 and 2003 it is assumed that the improvements in energy efficiency (reduction in all electricity losses, higher efficiency of hydro and thermal power plants) higher energy billing and collection rates, and tariff increases (assuming better than unitary elasticity of demand) will slightly outweigh the demand increase related to moderate annual GDP growth (2-3% per annum) resulting in a net improvement in the indicator by 3% per annum.	2003	0.48	NA
* Estimate. Full data for the first three quarters of 1999 show a figure of 0.66, but the fourth quarter captures the bulk of agricultural production, which is a low energy intensity sector. This typically reduces the indicator by about 10%. An actual value should be available shortly.			

Performance Data Table

Objective Name: A More Economically and Environmentally Sustainable Energy Sector			
Objective ID: 111-015-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Increased private sector participation in energy sector			
Indicator: Percentage of electric utility enterprises ownership privately owned for distribution			
Unit of Measure: Average % of non-state ownership of distribution (weighted by % of sales for each distribution enterprise).	Year	Planned	Actual
Source: Hagler Bailly; Ministry of Energy Technical Policy Dept., World Bank, Government of Armenia Privatization Investment Adviser			
	1998 (baseline)	N/A	0
	1999	30	0
Indicator/Description: Percent of actual private ownership shares for each power sector enterprise, not adjusted for the value of the shares.	2000	80	NA
	2001	80	NA
	2002	80	NA
	2003	80	NA
Comments: a) The 1999 target of 30% for distribution companies assumed that 51% of Yerevan Dist. Co. would be privatized. b) The 2000 distribution target assumes that 56% of all four distribution companies (North, Central, South and Yerevan) are privatized, with 4% to employees and 20% to EBRD. This represents full privatization. c) The Mission will also track the privatization of generation and transmission enterprises. If the Mission supports such efforts, the Mission will report related data in future R4s.			

Performance Data Table

Objective Name: A More Economically and Environmentally Sustainable Energy Sector			
Objective ID: 111-015-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Increased economic and environmental efficiency in the energy sector			
Indicator: Collections from end-users paid to distribution companies			
Unit of Measure: % of billed energy collected	Year	Planned	Actual
Source: Hagler Bailly (with input from the Ministry of Energy Technical Policy Dept).	1995	NA	NA
	1996	65	64.6
Indicator/Description: Cash collections based on energy bills to consumers – industrial and residential	1997	75	62
	1998	86	87
	1999 (*)	93	83
	2000	95	NA
Comments: * 1999 is estimated. The USG Memorandum of Understanding (MOU) with GoA of 28 February 1999 requires that from April 1999 collected information will be available quarterly and they have been provided, although with substantial delays. The third quarter data provided were inconsistent with second quarter data and reflected unilateral changes in reporting categories. A formal request for clarification of third quarter data and more timely provision of fourth quarter data was made in January 2000. As of mid-March 2000 neither has been provided.	2001	96	NA
	2002	97	NA
	2003	98	NA

Country/Organization: USAID Armenia

Objective ID: 111-021-01

Objective Name: More Transparent, Accountable and Responsive Democratic Governance

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: Although there were marked improvements in the conduct of national and local elections over the past year, performance overall under this objective did not meet expectations. This was due mainly to difficulty in achieving more than minimal improvements in the role of NGOs and political parties in the political process, as well as the GOA's failure to take actions that would have directly influenced the development of more transparent, accountable and responsive national and local governance. While there were positive activity-level accomplishments in independent media and with legal associations, their impact was limited because more people watch state and Russian television stations, and widespread lack of public confidence in the legal system. Public perceptions of corruption, citizen disengagement from the political process and continued political turmoil resulting from the parliamentary assassinations in October 1999 created an environment in which there was little chance of achieving USAID's desired program impact over the last year.

Primary Link to Strategic Agency Framework: 2.4 Accountable Gov't Institutions
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input checked="" type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): Economic Development

Summary of the SO:

Since 1995, Mission activities have concentrated mainly on preparing for, administering and monitoring various elections, developing NGOs and the independent broadcast media, and supporting improvements in the judicial process. This Strategic Objective, which combines elements of the prior SO 2.1 (Increased Citizen Participation in the Political, Economic and Social Decision-Making Process) and SO 2.2 (Laws are Enforced and Adjudicated Impartially), focuses on developing a more effective and transparent governing system that allows for and encourages citizens to hold government accountable for its actions (see the Results Framework Annex for the details of this merger). USAID plans to achieve this by supporting programs which help ensure that 1) citizens know their rights and responsibilities, are well-informed about current issues, and know how to voice their opinions effectively; 2) government procedures and processes encourage citizen input and capacity exists within the legislature and local government to respond to citizens; and 3) a functioning legal system is independent and upholds the rule of law. The beneficiaries of this program are the citizens of Armenia, who will gain more democratic institutions and knowledge on how to act upon their rights and responsibilities in a democracy. Also benefiting from this program are independent media outlets, the local NGO community, local governments, the judiciary and--if current plans hold--the National Assembly.

Key Results:

The results that best reflect progress made this past year include improved election administration, more developed NGO advocacy, strengthened independent broadcast media and the implementation of reforms supportive of greater judicial independence. Despite continued administrative problems, international and domestic election observers reported solid improvement over past years in national and local elections administration, particularly in terms of reducing incidences of fraud. While NGOs still face challenges in defining their constituents, broadening the impact of their advocacy activities, and expanding their outreach beyond the capital, there were a few examples during the past year of greater NGO engagement in the legislative process, as well as greater receptivity to their initiatives. This change is reflected in the results of the USAID NGO sustainability index; a panel of experts provided an improved advocacy rating for NGOs, moving Armenia from a 6.0 in 1998 to a 5.0 in 1999, and meeting USAID's planned target for the year. According to an Internews assessment of independent broadcast media, the quantity and quality of news broadcasts substantially improved since assistance began in 1995. It is not clear, however, that these improvements have resulted in increased viewership of independent media, as most surveys indicate an ongoing reliance on state or Russian television. Significant restructuring of the legal system in 1999 resulted in increased judicial independence, with the courts being managed by the judiciary, rather than by the Ministry of Justice.

Performance and Prospects:

Elections are an important outlet for citizen participation in a democracy. In 1999, a USAID survey revealed that only 35.3 percent of the population believe elections generally reflect the

wishes of citizens. Although there is continued distrust of the electoral process, citizen confidence may naturally lag behind actual improvement in the conduct of elections or may be indicative of other political factors. Over the past year, USAID and others supported the drafting and passage of a Universal Electoral Code that allowed domestic observation of elections. With USAID support, 2,000 domestic observers were trained and mobilized to observe the parliamentary and local elections. In the interim period between regularly scheduled elections, USAID had planned to focus on addressing two of the major issues in improving elections administration, namely the voters' list and staff capacity of the Central Elections Commission (CEC). However, efforts in these areas have not been supported by the CEC.

Over the past year and in the context of elections preparations, USAID also provided assistance to selected political parties (of the approximately 75 registered in Armenia) on platform development, election strategies and outreach techniques. Although this assistance was well-received, its impact on political party operations was limited, with parties not showing much progress in developing platforms or effectively engaging citizens, allowing personalities rather than issues to attract voters.

USAID's work with NGOs over the past year has resulted in improved NGO advocacy skills, more direct communications between NGOs and the government, and greater awareness of the role of NGOs. Some examples of these improvements include the National Assembly requesting input from media outlets and associations on the broadcast media law, the Community Union (a mayoral association) working closely with the government on amendments to the law on local government, and various NGOs participating in drafting and now amending the Universal Electoral Code. For the most part, though, NGOs still remain small organizations dominated by one person and without the lasting coalitions needed to strengthen their influence. Although substantial challenges remain to establish the role of NGOs in the governance system, there is a core group of NGOs that has begun to make progress on a range of public policy issues, as well as a relatively large number of less sophisticated NGOs that could provide the basis for sustained action in the future.

In the area of civic education, USAID supported the development of a civics education course in 313 secondary schools, reaching about 12,000 students. While this program provided a starting point to increasing understanding of democratic systems, the number of schools participating in the program was limited. To increase the numbers of students reached and to take advantage of the Government of Armenia's commitment to include civic education as a mandatory part of the school curriculum in 2001, USAID plans to expand this program to reach all secondary schools. Recognizing the need for adults to increase their understanding of their rights and responsibilities in a democracy, as well as how those concepts could be applied in their daily life, in FY 2000 USAID will begin a new adult civic education program, focused on promoting grass roots level activism and involvement, and complementing new local government activities. Due to extensive public acquiescence to or acceptance of corruption, a barrier in itself to reducing corrupt practices, this program will also include activities that change public attitudes towards corruption. This civic education program will complement broader public education efforts related to the reform process, which will be coordinated with other SO teams and the Embassy.

The media has shown improvement over the past years, with a growing number of independent stations and media outlets freely reporting news and occasionally criticizing government policy or actions. Future efforts will continue to focus on increasing the financial viability of print and broadcast media to encourage independent reporting; USAID will also support the development of investigative reporting capabilities.

A functioning legal system is critical to establishing transparent, accountable, and responsive democratic governance. Although the public still lacks confidence in the judiciary, there is some evidence that they have begun to turn to the courts to help solve problems. For the national parliamentary elections, for example, thousands of people successfully petitioned the courts to have their names added to voter lists. In 1999, USAID activities focused on supporting further legislative changes to promote the rule of law and on increasing the ethical and professional standards of the legal professions.

Even as legislative changes led to the judiciary becoming structurally more independent, there has still been a problem with informal dependence on the historically strong prosecutors. This year, anecdotal evidence points to some improvements, with judges beginning to refuse requests from prosecutors for arrest and search warrants. Refusals of this sort had not been common in the past. Conversely, there was no discernable progress in the past year on an administrative procedures act, which would clarify various governmental processes and simplify citizen access. However, prospects for the future are more positive. USAID recently signed a MOU with the Ministry of Justice that includes strict milestones for the development of this law.

USAID's efforts at increasing the ethical and professional standards of the legal professions have begun to show results. Both the Association of Judges of the Republic of Armenia (AJRA) and the Bar Association of the Republic of Armenia (BARA) have adopted ethics codes for their members. Although membership in these organizations is voluntary, the codes are a step forward toward passage of enforceable, mandatory codes, that will not only raise the ethical standards of the professions, but will also do much to reduce corruption in the legal system. To complement this structural/institutional work, over the past year USAID also provided training directly to judges. USAID expects to continue providing training in certain key topics, such as commercial law issues, in order to raise judges' professional confidence and competence. In the coming year, USAID will change its approach to the advocates sector, working less with BARA and focusing instead on the three official Unions of Advocates. Developing ethical standards, promoting continuing education, providing services to members, and encouraging legal aid services for the indigent will be emphasized.

Possible Adjustments to Plans:

The Mission conducted an internal review of progress and prospects of its elections, political party development, political process and independent broadcast media activities earlier this year. Based on the results of this review, the Mission is suggesting a number of modifications in its current approach. Specifically, given difficulties in getting CEC agreement to take critical steps necessary to further improve elections administration, and in the absence of a regularly scheduled national election, the Mission will probably not continue elections administration activities beyond September 2000. In addition, due to the limited impact of political party development activities, the Mission will focus instead on expanded civic education programs, as

well as new grassroots-level advocacy activities and support to parliament (see below). As part of its new local government program, the Mission will focus on encouraging citizen participation at that level, developing a legal framework more supportive of local government operations, fostering the development of condominium and other grassroots associations and increasing local government capacity to respond to citizens' needs.

In all of its activities and to the extent possible, the Mission will also include an explicit focus on increasing awareness of corruption and its impact. The Mission will seek to increase access to information from various sources (including the media, national and local government, and NGOs), develop mechanisms for citizens' access to government at all levels, and strengthen NGOs as a way to encourage the involvement of citizens, strengthen advocacy efforts and increase oversight and monitoring of government activities. The Mission, in concert with other donors, will also develop additional anti-corruption activities, potentially including complementary support for other-donor programs focused on civil service reform. Real progress in this arena will depend on counterpart commitment to anti-corruption measures and reforms.

The Mission also plans to begin a program with the National Assembly (NA), which is likely to focus on developing mechanisms to increase citizen access to legislative processes, encouraging greater interaction with constituents and awareness of citizen issues, and strengthening the committee system and internal legislative development and review process, including the legislature's role in reviewing and approving the annual national budget. USAID's enhanced role with the NA should help promote passage of anticorruption and civil service reform legislation.

The Mission's internal gender assessment highlighted a decline in women's political participation since the transition, particularly in terms of holding elected or high-level government positions. While women made up over 35% of the Supreme Soviet of Armenia, they now represent 3% of the NA and no longer hold any ministerial or deputy ministerial-level positions in the government. During FY 2000, the Mission will ensure that current and future activities specifically address ways to increase women's political participation in all aspects of the political process, including expanded work with women's political groupings and NGOs.

Other Donor Programs:

Recently the OSCE opened an office in Yerevan and will be providing continued assistance to the CEC and others in reforming election administration. The UNDP also supports elections systems. USAID collaborates with DFID, which is conducting a review of civil service reform. USAID also works closely with the World Bank, which is in the final planning stages of a broad judicial reform program and has begun planning for civil service reform. The EU/TACIS is funding a Judicial Training Institute, and OSI supports clinical legal education. There is widespread donor interest in civil service reform, and USAID is establishing a working group to explore opportunities for expanded cooperation and coordination.

Major Contractors and Grantees:

Current USAID funded activities are implemented by the following contractors and grantees: Internews, the Eurasia Foundation, the National Democratic Institute, the International Foundation for Electoral Systems, the Armenian Assembly of America's NGO Training and Resource Center, Junior Achievement of Armenia, the International Research and Exchanges

Board, the Urban Institute, the American Bar Association's Central and East European Law Initiative and Chemonics International Inc.

Performance Data Table

Objective Name: More Transparent, Accountable and Responsive Democratic Governance			
Objective ID: 111-021-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: More Responsive and Effective Local Government			
Indicator: Percent of citizens who feel they have some influence on governmental decisions			
Unit of Measure: Percentage	Year	Planned	Actual
Source: USAID Survey	1999	Baseline	26.5%
Indicator/Description: Citizens who feel that the local government is hearing and acting upon their concerns.	2000	28	NA
	2001	32	NA
	2002	35	NA
	2003	38	NA
Comments: Percent of citizens who responded that they strongly or somewhat agree to the statement: "The local self-governing body is very interested in and pays attention to what people like me think".			
The data showed a slight gender difference with 29.3% of men and 24.0% of women agreeing with the statement. Citizen perception of their influence on national government was comparable at 25.5% in 1999.			

Performance Data Table

Objective Name: More Transparent, Accountable and Responsive Democratic Governance			
Objective ID: 111-021-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Citizens understand and act upon their rights and responsibilities			
Indicator: Percent of people who feel that elections are democratic			
Unit of Measure: Percentage	Year	Planned	Actual
Source: USAID Survey	1999	Baseline	35.3%
Indicator/Description: Percent of citizens responding strongly or somewhat agree to the statement:"Armenian elections generally reflect the wishes of most citizens.	2000	NA	NA
	2001	NA	NA
	2002	45%	NA
	2003	50%	NA
Comments: 1. In 1996, a USIA opinion poll showed 44% of the people stating that elections generally reflect the wishes of citizens. 2. The data reflected a slight gender difference in responses with 37.4% of men agreeing with the statement compared to 33.5% of women. 3. Elections are not currently scheduled for 2000 or 2001. Therefore, targets for those years are not applicable.			

Performance Data Table

Objective Name: More Transparent, Accountable and Responsive Democratic Governance			
Objective ID: 111-021-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: More developed and broad-based NGOs			
Indicator: Improved advocacy score from the NGO Sustainability Index			
Unit of Measure: Score on Index (1-7 with 1 representing the most advanced)	Year	Planned	Actual
	1998	Baseline	6
Source: Panel Assessment (NGOC, USAID, UNDP, Eurasia Foundation, and others)	1999	5	5
	2000	5	NA
Indicator/Description: A panel of experts familiar with the NGO sector in Armenia review the sector	2001	4	NA
	2002	4	NA
	2003	3	NA
Comments: The improved score reflects a slight improvement in NGOs attempts at advocacy in 1999. Although many NGOs are not comfortable lobbying, they now have a better understanding of its importance to advancing their interests and some have started moving in this direction. Although many NGOs have developed direct contacts in national and local governments and are sometimes asked to comment on draft legislation, they still lack real influence, as they are unable to form lasting coalitions that would give them more weight. NGOs are generally small and fragmented organizations, although they have, this past year, formed informal coalitions around particular issues.			

Performance Data Table

Objective Name: More Transparent, Accountable and Responsive Democratic Governance			
Objective ID: 111-021-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Transparent, dependable and effective legal system			
Indicator: Public Confidence in legal system			
Unit of Measure: % of populace	Year	Planned	Actual
Source: USAID survey	1999	Baseline	20.1
Indicator/Description: The percent of the population that believes that court decisions are rendered fairly and according to the law.	2000	25	
	2001	35	
	2002	37	
	2003	40	
Comments: USIA polls undertaken in 1993 and 1996 indicate that roughly 30% of the population responded “a great deal or a fair amount” to the question in reference to the judicial system: “How much confidence do you have in the following Armenian institutions and gov’t. organizations?” The decline in 1999 could reflect an actual decline in public confidence or simply differences in structure of the question or the conduct of the surveys.			
Data reflect only a very slight gender difference, with men demonstrating slightly less confidence in the courts than women (men - 19.0%, women - 21.1%).			

Country/Organization: USAID Armenia

Objective ID: 111-034-01

Objective Name: Mitigation of the Adverse Social Impacts of the Transition

Self Assessment: On Track

Self Assessment Narrative: This is a new Strategic Objective with few on-going activities. Most of the interventions planned to achieve this objective are currently being procured. There have been delays in the design and procurement process, but the Mission expects its comprehensive Social Transition Program to begin by mid-2000. However, the few related activities currently underway are progressing as planned. (Note: None of the options listed under the "Primary Link to Strategic Agency Framework" captures the essence of this Strategic Objective, which focuses on primary health care and social services, social insurance systems and poverty mitigation, with none of these providing a single predominant character to the SO.)

Primary Link to Strategic Agency Framework: 1.3 Economic Opportunity for Rural/Urban Poor
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input checked="" type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input checked="" type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input checked="" type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input checked="" type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

The purpose of this Strategic Objective is to mitigate the adverse social effects of the transition through efforts to strengthen and make sustainable key aspects of the social safety net and health care systems, while providing urgently needed services to the most vulnerable in selected regions. While prior USAID humanitarian assistance activities were successful at averting immediate human suffering, widespread poverty in Armenia remains a serious problem. Therefore, attention needs to be shifted to longer-term efforts to rebuild a social safety net that will provide access for all Armenians to adequate and affordable health care, food and shelter. Currently, large/centralized healthcare facilities operate at a fraction of capacity, yet much of the population does not seek medical services because they cannot afford the formal or informal payments required. Through this SO, USAID is working to reform the system, putting a special emphasis on primary health care provision at the local level. The Mission's primary health care program is focused on preventive health care, including infectious diseases, family planning, and HIV/AIDS. Through efforts to improve the efficiency and quality of the health care system and through macro-level social safety net reforms (e.g. unemployment, pension and health insurance), USAID plans to benefit all Armenians. Improvements in the targeting and delivery of social assistance and primary health care will benefit the most poor and vulnerable population groups in the country. (The Result Framework Annex includes details on the elaboration of this SO since last year.)

Key Results:

This Strategic Objective, reflecting the change in the Mission's emphasis from humanitarian assistance to longer-term sustainable development, was approved in the Mission's Strategy last year. While the Mission had a limited number of ongoing programs under this Strategic Objective over the past year, the major focus was on designing a comprehensive multi-year program to achieve expected program results. The new program design is now complete and implementation is expected to begin in mid-2000.

One of the objectives of the Mission's program is to increase the coverage provided by the GOA's social assistance program without constraining an already tight national budget. Changes in the GOA's mechanisms for providing social assistance at the beginning of 1999 made it difficult to compare information from prior years on the ratio of social assistance benefits to the minimum food basket. In 1999, preliminary data indicates that the family benefit covered approximately 21% of the minimum food basket. The Mission's future programs are expected to result in a greater percentage of the food basket being covered by social assistance payments, through more efficient targeting and administration of benefits.

To complement the provision of social assistance, USAID supported two community development activities. The USAID Community Development Project completed 71 sub-projects in 1999, benefiting 90,000 people. These sub-projects focused on the improvement of irrigation and potable water networks, income generation activities and renovation of health care and educational facilities in participating communities, while encouraging community empowerment. Communities generally contributed 40% of total costs, significantly exceeding program goals, with some community groups continuing on their own with other projects or, in

some cases, registering as formal non-governmental organizations. USAID also contributed to the Food for Work activity of the World Food Program, providing food for approximately 23,000 participants in 1999.

Performance and Prospects:

Although results under this SO have been limited due to delays in the start-up of major program activities, prospects for the future appear to be positive. Despite changes in key GOA counterparts over the last year, support for the general types of reforms required under this SO has been consistent, and there is general consensus among NGOs, donors and the GOA that the approaches presented under this SO for addressing both immediate and longer-term social and primary health care needs are timely and appropriate.

During the past year, the Mission provided support to the GOA in refining a number of draft laws related to social insurance and social assistance, which would provide most of the legislation needed to restructure the current system. Mission technical assistance also resulted in recommendations for management reforms in the Ministry of Social Security (MOSS), some of which were implemented before the Ministry was merged with the Ministry of Health (MOH) in February 2000. Key supporters of the reforms in the MOSS now hold senior positions in the merged Ministry and are expected to influence the new Ministry's organization. New activities will focus on implementing the personal identification numbering system and support for developing the legislative framework and analytical capacity to manage national health and social insurance systems.

While social insurance reforms are not expected to demonstrate impact on the general population until the longer term, the Mission is supporting a number of programs to address immediate social and primary health care needs. To address declines in maternal health, for example, the Mission has designed a series of interventions aimed at improving women's reproductive health by increasing access to and availability of family planning information and services. In 1999, the Mission supported planning for an information campaign on reproductive health. In 2000, USAID will build on the results of the campaign through a new activity which will develop a nationwide reproductive health network to increase the technical quality of health care. This activity will also test three models for the provision of reproductive health care services and information by NGOs and the public sector in three regions (Shirak, Gegharkunik and Syunik).

During 1999, the Mission also supported the development of U.S. / Armenian health care partnerships, focused on primary health care and health management. These partnerships are designed to improve primary health care provision in three regions (Armavir, Gegharkunik and Lori) through the development of protocols, healthy lifestyle campaigns and increased skills of health professionals. Two other partnerships will focus on raising the quality of health care management education and on increasing outreach of mammography screening and related activities. These activities are expected to provide models for the provision of primary health care that could be replicated in other regions, in close collaboration with the new comprehensive Social Transition Program.

In 2000, the Mission will expand the number and nature of programs providing social assistance and primary health care in selected regions. Social assistance programs will focus on meeting

the immediate shelter, nutrition and health care needs of the most vulnerable, primarily through NGOs and other alternative mechanisms. The Mission will also support the implementation of the family practice model in selected regions to complement these activities and provide easier access to quality primary health care.

Through the comprehensive Social Transition Program, the Mission will begin working with the GOA to support: 1) an increased emphasis on primary health care; 2) better targeting and administration of government benefits and services to reach the most vulnerable; 3) strengthening the collection, analysis and dissemination of information to support budgetary and programmatic decisions; 4) increasing the government's ability to regulate and monitor the provision of social and health care services; and 5) developing alternative mechanisms for the provision of quality services, through the public, private and NGO sectors. These priorities are in line with the GOA's currently stated strategy and policies and depend upon political will to implement the needed reforms.

Building on the success of the Community Development Project and to complement the provision of social services, USAID will also support public works to develop needed small-scale community infrastructure while providing immediate, though temporary, employment. This represents a new emphasis under this Strategic Objective to address short-term community infrastructure needs (to be identified in coordination with the local government), as well as provide income to a portion of Armenia's large number of unemployed citizens.

Possible Adjustments to Plans:
None at this time.

Other Donor Programs:

In developing this new Strategic Objective, USAID coordinated closely with several donors active in the social sectors. The World Bank is supporting programs for social infrastructure rehabilitation, primary health care, and general social sector reform. The European Union has worked with the GOA to design a social security numbering system, but does not plan to fund the development or implementation of the system. UNICEF and UNFPA are involved in aspects of primary health care provision, and the WHO is focusing on pharmaceutical reform.

Major Contractors and Grantees:

The American International Health Alliance (AIHA) is implementing the Mission's health care partnerships activity. Johns Hopkins University (JHU), Save the Children, ADRA and CARE are implementing activities to improve reproductive health information and services. USAID also plans to support UNICEF's iodine deficiency disorder activities. USAID also contributed to the multi-donor efforts of the World Food Program. Additional implementing partners will be identified once the comprehensive social reform program moves to the implementation phase.

Performance Data Table

Objective Name: Mitigation of the Adverse Social Impacts of the Transition			
Objective ID: 111-034-01			
Approved: 1999		Country/Organization: USAID/Armenia	
Result Name: Mitigation of the Adverse Social Impacts of the Transition			
Indicator: Percentage of the population below the poverty line			
Unit of Measure: Percentage	Year	Planned	Actual
Source: Ministry of Statistics Household Expenditure Surveys			
	1999	Baseline	54
Indicator/Description: The percentage of people whose expenditures indicate that they are living below the poverty line established by the World Bank and the Ministry of Statistics	2000	54	NA
	2001	53	NA
	2002	52	NA
	2003	50	NA
Comments: Please note, since this is a new program and because this indicator is dependent on the macro-economic situation in the country, the most significant data changes are expected to occur after 2003.			

Performance Data Table

Objective Name: Mitigation of the Adverse Social Impacts of the Transition			
Objective ID: 111-034-01			
Approved: 1999		Country/Organization: USAID Armenia	
Result Name: Improved mobilization, allocation and use of social assistance and health care resources			
Indicator: Adequacy of the family benefit			
Unit of Measure: Ratio	Year	Planned	Actual
Source: GOA	1998	NA	NA
Indicator/Description: Ratio of the value of the family benefit divided by the standard consumer basket meeting minimum needs.	1999	Baseline	21%
	2000	25	NA
	2001	30	NA
	2002	35	NA
	2003	40	NA
Comments: Information for 1998 is not available as the government's family benefit program was not implemented until January 1999. The data for 1999 is based on a one person household.			
Note: 1999 actual is based on preliminary estimates of the minimum consumer basket from the Ministry of Statistics and is subject to change. Final, confirmed numbers were not available at the time of writing.			

Country/Organization: USAID/Armenia

Objective ID: 111-016-01 (new)

Objective Name: More Sustainable Water Management for Enhanced Environmental Quality

Self Assessment: On Track

Self Assessment Narrative: This is a new Special Objective. (Note: There is no linkage to "Private Markets"--as cited below; it is listed because of a flaw in the template.)

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one) 5.5 Natural Resource Management

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input checked="" type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input checked="" type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input checked="" type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Environment

Summary of the SO:

The Mission's FY 1999-FY 2003 Strategy cited a litany of serious environmental problems facing Armenia, but did not establish an environmental objective. Factors leading to this decision included: limited environmental consciousness among the general population and national leaders; the likelihood that significant change in Armenian environmental practices and

conditions would be a very long-term proposition; the Mission's limited financial and staff resources; and the ability of the Mission to address selected environmental issues within its existing portfolio. While these considerations remain largely valid, based on further analysis the Mission is proposing a new Special Objective (SpO) focusing on the environmental impacts of water resources management. (The Results Framework Annex includes an outline of the results expected, an illustrative list of indicators and a discussion of the "special objective" characteristics related to the Mission's plans in the water sector.)

The starting point for the development of this proposed Special Objective was the consultancy of a Team from USAID/Washington (Maxwell and Burke) in November 1999. While the Team's scope was to assess broader environmental problems and opportunities, they zeroed in on water as the area where: 1) the consequences of environmental degradation in Armenia are most severe; 2) mitigation and prevention interventions are most relevant to USAID's existing portfolio; and 3) targeted USAID investments could have a discernable impact in the short-term.

The Maxwell/Burke Report cited the following conditions as indicative of the status of the Armenian water sector:

--Deteriorated Drinking/Waste Water Infrastructure: Water losses in Armenia are estimated to run at 45%-55%; contamination of drinking water is a growing concern--e.g., water testing in Yerevan has indicated 35% of samples with human fecal coliform and 50% with total coliform, chlorine levels are not controlled, 50% of Yerevan's wastewater flows directly into the Hrazdan River, and many areas outside the capital have no treatment facilities.

--Over-exploitation of Lake Sevan: The Lake, whose catchment area comprises one-sixth of Armenia's total territory, has experienced a reduction in water supply of approximately 40% in the last 50 years due to its unregulated use for hydropower and irrigation. This reduced water level and the coincident increase of pollutants reaching Lake Sevan threaten its hydrological and ecological balance, with a potentially catastrophic impact on economic activity dependent on the Lake's resources (e.g., tourism, fishing, irrigation and hydropower).

--Degraded Irrigation Systems: The failure of irrigation systems, especially in the Ararat Valley, has increased water-logging and salinization, affected agricultural efficiency and contributed to the higher incidence of malaria and pesticide contamination.

--Pollution of Potable Water Sources: Shallow groundwater and spring waters, while generally of high quality, are vulnerable to industrial, agricultural and domestic pollution.

--Lack of Rational Allocation of Water Resources: As an example, while the Ararat Valley suffers from water logging, as much as 10% of the population suffers from water shortages.

--Lack of Management of Transboundary Waters: Armenia shares water sources with each of its neighbors. The absence of effective national/regional systems to monitor/improve water quality and optimize water flows threatens the ecology and health of downstream communities and inhibits efforts to promote economic and political cooperation in the region.

USAID is not in a position to invest the level of resources required to address this broad range of problems in a strategic manner. However, over the next 2-3 years, the Mission proposes to undertake a package of discrete activities focused on certain national-level systems and the testing of local-level interventions, with the improved water quality/quantity monitoring as the unifying theme. The Mission expects that its limited-scale investment at this time will lay the groundwork for longer-term, sustainable and integrated management of Armenia's water

resources. In addition, this USAID assistance will complement any USG efforts to promote regional water cooperation, and could be the basis for future USAID strategic engagement in the Armenian water sector.

Specifically, the Mission proposes this initiative because:

- Declines in water quality and quantities directly cause hardship to the Armenian population, especially the poor and other vulnerable groups.
- There are potential immediate and longer-term impacts of improved water management in areas where the USG currently has strategic interests--e.g., private sector growth (industrial/commercial potential, especially related to agriculture, agribusinesses and SMEs), energy (hydroelectricity), democracy/governance (local-level management of resources), social sectors (health and community-level job creation), and the protection of Armenia's environment/biodiversity.
- Similarly, several of USAID's ongoing or planned activities in other sectors could contribute to this Special Objective. For example, community development, public works and local government activities include or could include efforts to improve water systems.
- The recently completed National Environmental Action Plan (NEAP) for Armenia identified a priority focus on the wide variety of water management issues, including legislation and policy, urban and village potable water supply, wastewater treatment, irrigation efficiency and water logging, and integrated watershed management.
- The potential for leveraging other-donor investments implies a possible low-cost, high-impact role for the Mission.
- National-level actions related to water quality can serve as regional confidence-building measures (i.e., relative to positive impact on downstream countries) and lay the groundwork for future regional initiatives, especially in the context of a political resolution with Azerbaijan.

More sustainable water management and improved environmental conditions will ultimately benefit all Armenians. Technical assistance and training will enhance the institutional capacities of national- and local level counterparts--to include the Ministry of Agriculture and Natural Protection, the Ministry of Territorial Administration and Urban Planning, the Parliament and Armihydromet. Likewise, the small grants component will facilitate the institutional development of NGOs, local groups and non-central government organizations. The immediate and potential long-term economic impacts of improved water management will affect agricultural producers and agribusiness SMEs, industrial and commercial water consumers, and hydroelectricity suppliers and users. Ultimately, higher quality water--as a short-term result of pilot activities or the longer-term result of improved monitoring and management systems--will benefit individual Armenians, especially children and economically vulnerable groups. Finally, enhanced national-level actions related to water quality will benefit downstream users (e.g., in Azerbaijan) and can serve as regional confidence-building measures.

Key Results:

N/A

Performance and Prospects:

USAID will work to improve the national policy/institutional framework for water management and facilitate donor coordination. Interventions will focus on legislation on water quantity (rights and distribution) and quality; economic instruments to abate industrial pollution; regulatory opportunities for water pricing and other economic instruments; industrial effluent norms; pollution fees/fines and an environmental fund for water-related remediation projects; the management capacity of national and local institutions; and public support networks for integrated water management.

Consistent with the recommendations of Armenia's National Environmental Action Plan, a recent review and assessment by the Armenian Hydrometeorological Institute (Armihydromet) of the Ministry of Agriculture and Environmental Protection indicates clearly that the capabilities and infrastructure of Armenian institutions working in water quantity and quality monitoring have been seriously degraded since 1988. The biggest need is to catch up on modern methods and new technologies. Therefore, USAID will finance the reinforcement of Armihydromet capabilities to collect, manage and store data on the quantity and quality of surface and ground water; calculate water balance and forecast changes and ensuing impacts; assess the effect of pollution on water bodies (particularly the Lake Sevan), and identify protection and remedial measures.

Finally, the Mission proposes to support NGOs, local groups/governing bodies in order to test innovative approaches to improving water quality and to confirm/apply data and analysis developed through other components of this initiative. These interventions may include water quality testing, control of industrial or agricultural effluent, small-scale wastewater management/treatment/disposal projects, water protection and/or the mitigation or clean-up of specific water pollution problem areas. The Mission will seek opportunities to create lasting partnerships between local governments, private enterprises and associations in Armenia with counterpart organizations in the U.S. and/or within the ENI region, in order to facilitate trade and investment in environmental goods and services.

Possible Adjustments to Plans:

N/A

Other Donor Programs:

The World Bank is financing the development of an Integrated Water Resources Management Plan and has made loans for irrigation rehabilitation and dam safety projects. The EU has supported transboundary water management (the Kura River) and is considering options to support wastewater management. Germany's assistance in the sector is expected to focus on water distribution systems. Several other bilateral donors (e.g., the Netherlands, Norway, and France) are looking at small-scale water infrastructure projects. The World Bank and UNDP have financed such projects as part of their assistance to the earthquake zone. By improving the policy environment and mechanisms for water quality/quantity monitoring, as well as piloting innovative technologies and management approaches to water management, the Mission expects to fill a gap in other-donor assistance to the sector, while directly supporting their ongoing efforts and encouraging their future investments.

Major Contractors and Grantees:

To be determined.

Country/Organization: USAID/Armenia

Objective ID: 111-042-01 (new)

Objective Name: Special and Cross-Cutting Initiatives

Self Assessment: On Track

Self Assessment Narrative: The impact of crosscutting programs is reflected in the assessments of individual SOs. The Mission's ongoing "special initiatives" are the endowment to AUA, which was successfully executed in 1999, and support to the earthquake zone (EQZ), which is currently under design.

Primary Link to Strategic Agency Framework: 1.3 Economic Oppty for Rural/Urban Poor
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input checked="" type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input checked="" type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input checked="" type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input checked="" type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input checked="" type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input checked="" type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input checked="" type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input checked="" type="checkbox"/> 5.5 Natural Resource Management | <input checked="" type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

The Mission's Strategy did not formally establish a special/cross-cutting objective under the E&E Bureau's Strategic Area #4. Instead, the budget tables in the Strategy and last year's R4 allocated funding under a crosscutting objective for FY 1999 only, and then zeroed out the category in future years. In practice, this approach has proved impractical for two reasons: 1) the

Mission has several cross-cutting mechanisms, which do not allow for the processing and tracking of resources by SO within USAID's financial systems; and 2) the Mission has been required to implement activities outside its strategic focus, based on special (political) priorities. By means of this R4, the Mission is proposing the formal establishment of a special/cross-cutting objective, which, de facto, the Bureau and Mission have continued to use (e.g., in NMS and the Congressional Presentation). This approach is consistent with the ENI (E&E) Guidance on Strategic Plans, which defines the rationale for special/cross-cutting programs to include: limited impact activities outside of the strategic framework; activities being carried out to meet Administration directives or Congressional earmarks; activities that address extraordinary circumstances; and broad-impact activities without a predominant contribution to a single SO.

Special Initiatives: In FY 1999, the Mission provided approximately \$9.6 million for an endowment to the American University of Armenia (AUA) based on a Congressional earmark. While it can be assumed that the grant will broadly support USG (including USAID) goals in Armenia, it would be impossible to directly link the endowment to results sought under the Mission's Strategic Objectives. Clearly, this was a special initiative, and was treated as such by the Bureau and Mission, both in terms of how funds were allocated and are tracked (outside the Mission's SOs) and the level of USAID grant management and results tracking. Likewise, in the FY 2000 appropriations legislation, Congress established a \$15 million "soft earmark" for the earthquake zone. While the Mission plans to pursue activities in the EQZ that are consistent with its Strategic Objectives, such activities could also be of a specialized nature not anticipated in the Mission's strategic framework (e.g., housing), or they may be undertaken as part of a comprehensive multi-sectoral effort (e.g., housing, social services, economic reactivation).

The above examples are the most obvious "special initiatives" the Mission has carried out or planned to date. Congress and/or the Administration could establish future special "earmarks" for Armenia, and the Mission may also be required to implement political initiatives, especially in the event of a peace accord with Azerbaijan or unexpected political events in Armenia. As such, it is prudent for the Mission to formally establish a place for such activities within its program framework, and set aside a nominal amount from its future years' budget as a contingency. (See the budget tables in the Resources Request Section and Annexes for details.)

Cross-cutting Programs: For the last several years, the Mission has provided funding to a Global Bureau mechanism to carry out participant training across its sectors of interest. While the Mission informally tracks the allocation of funding between sectors, budget allowances and disbursement tracking are not disaggregated by sector. Likewise, the outputs of this mechanism (i.e., number of people trained) are tracked by SO, but the impact of training is not reported separately but integrated into the performance reporting of each SO. Funding for this training activity represents the bulk of resources that have been or will be provided under this category. The Mission has several other crosscutting mechanisms designed to minimize its management burden, but which do not lend themselves to tracking funds or impact by SO. These include program-funded logistical costs, such as ICASS, drivers, vehicles, gas, auto repairs, furniture, office supplies, etc. (See the budget tables in the Resources Request Section and Annexes for a break-down of projected crosscutting expenses through FY 2002.)

Key Results:

Results of funding provided under this Objective's crosscutting sub-category are an inherent part of the discussions of each individual SO. The execution of the AUA endowment mechanism and its status are summarized in the following section. The Mission has not completed a detailed program design to address the Congressional "soft earmark" to provide up to \$15 million to support recovery and economic reconstruction initiatives in the earthquake zone. The status of Mission efforts to date related to the earthquake zone and options for future assistance are also discussed in the following section.

Performance and Prospects:

In 1999, the Mission established an endowment for AUA, which will provide a stable source of funding for the University, and thereby allow AUA to take a longer-term perspective in planning and management. Endowment proceeds will be used to improve faculty recruitment for all degree programs, and support the development of the University's graduate law school program. On an annual basis, USAID will review plans for the management and use of this endowment.

Based on a strategy developed for the World Bank in 1998 for addressing shelter needs in the earthquake zone, over the past year the Mission supported further analysis and refinement of three different models for re-housing approximately 26,000 households still living in temporary shelters due to the 1988 earthquake. These models provide lower-cost alternatives to new construction, and include reinforcement of buildings damaged by the earthquake, the use of housing certificates to allow those in temporary shelters to purchase available vacant housing, and--in rural areas--loans for the renovation or upgrading of temporary shelters.

The Mission is supporting the implementation of a pilot program to test the housing certificate model, covering approximately 150 households in Gyumri, where 14,000 households are still in temporary shelters. Experience with this program will help determine the Mission's overall approach to meeting shelter needs, and for utilizing the FY 2000 funds allocated for the earthquake zone. While the Mission's specific plans are still under development, they are likely to include a combination of approaches to re-house those still in temporary shelters, encourage community empowerment, and promote local economic development.

Planned Mission programs under other Strategic Objectives related to local government, NGO strengthening, the provision of social services and primary health care, and small-scale community infrastructure activities will also include a focus on the two regions most affected by the 1988 earthquake to encourage maximum impact.

Possible Adjustments to Plans:

N/A

Other Donor Programs:

Several Diaspora organizations are funding major housing construction programs in the earthquake zone. UNDP and the World Bank also implement parts of their programs in the earthquake zone, focusing mainly on the upgrading of water systems, small-scale infrastructure programs and rehabilitation of schools and health care facilities. USAID and the GOA will jointly convene a donors' meeting in 2000 to present the GOA approach to meeting needs in the earthquake zone, and ensure coordination among donors' programs.

Major Contractors and Grantees:

At the current time, major contractors and grantees are the Academy for Educational Development (AED), American University of Armenia (AUA) and the Urban Institute. Additional implementing partners will be selected once the Mission's plans for the new earthquake zone program are completed.

Part III: Resource Request

Since FY 1996 Armenia has received an annual country earmark from Congress within a total amount provided to the NIS under the Freedom Support Act (FSA). Armenia's level had remained relatively constant over the 1996-1999 period at approximately \$85 million per year. However, in FY 2000, the total allocated for Armenia was more than \$102 million. Of this total country earmark, USAID has managed from 60 to 75 percent, with the remainder allocated to a number of other USG agencies. USAID's total funding in FY 2000 is \$64.1 million, including an up to \$15 million "soft earmark" for the earthquake zone but excluding \$9.5 million set aside in a performance fund for use by any USG agency, subject to the NIS Coordinator's concurrence. In addition to \$64.1 million in FY 2000 funding, USAID also has available more than \$22 million in carry over funding. Based on this large OYB, the Mission is in a position to initiate several new programs that are critical to the accomplishment of its objectives, as described in Part II of this R4 (such as those related to anti-corruption and civil service reform). By pursuing activities that tend to be more comprehensive and of a longer term than those included in the Mission's portfolio to date, the Mission intends to maximize program impact while reducing its eventual procurement and management burden. However, at least in the short to medium term, the number and complexity of procurement actions will prove a management challenge, especially for the Regional Contracting Officer and his staff. In light of this situation, below is a request to add a Contracting Officer to the Mission's USDH ceiling.

The Mission's out-year control levels have fluctuated, from \$54.9 million and \$52.2 million cited in last year's Strategy for FY 2001 and FY 2002 respectively, to \$49 million and \$58 million established in the most recent CP and R4 guidelines. Mission planning is further complicated by the fact that the Administration typically requests less for Armenia than is eventually appropriated by Congress. At the current control levels, the Mission will be able to carry out the full program outlined in this R4. However, any reductions below the current FY 2001 planning level will make it difficult to meet forward funding guidelines (obligations to cover needs through the next FY) for several new activities. In general, the Mission's pipeline is only 12 months or less, meaning that the impact of any out-year budget reduction would be felt fairly quickly. The estimated pipeline for the Mission's ongoing portfolio of activities was approximately \$34 million as of the end of CY 1999, which is less than one-year's worth of funding based on current expenditure rates (\$5 million/month). This is consistent with the fact that many of the Mission's ongoing task orders, contracts and grants are scheduled to end by the end of CY 2000. The Mission's pipeline is expected to increase significantly by the end of this FY--due to a number of large-value procurements that will not be completed until the second half of the year. However, the pipeline is expected to stabilize quickly as these activities get into full swing in FY 2001. (This analysis does not take into consideration the pipeline for Shorebank, which has been the subject of Mission and Bureau scrutiny.)

This R4 presents a significant shift in the allocation of Mission funding compared to previous years, reflecting both a natural transition between phases of its sectoral plans (e.g., as structural reform progresses) and a means to fill identified gaps and/or to respond to new circumstances in Armenia (e.g. as elements of structural reform lag). For example, in FY 1998 and FY 1999, more than 61% of Mission resources were dedicated to economic restructuring, private sector activities and energy reform; and in FY 1997 and FY 1998, nearly 40% of USAID's resources

went to humanitarian assistance programs. In contrast, the sectoral distribution of USAID's resources in FY 2000 – FY 2003 is expected to be as follows: Private Sector: 35%; Energy: 13%; Water: 2%; Democracy/Governance: 16%; Social Sectors: 20%; Earthquake Zone: 8%; other special/crosscutting initiatives: 6%; humanitarian assistance: 0%.

Besides the diversification of sectoral interests reflected in these numbers, the resource request for the next three years (including the current FY) also marks a transition in the point of contact between Mission programs and its Armenian beneficiaries. While macro-level restructuring is clearly the only way for Armenia to establish a sustainable economy and polity, it is also evident that the Mission must place greater emphasis on the immediately discernable benefits to the population as a whole—and particularly the most needy. This two-pronged approach was outlined in the Mission's Strategy, but most of the second-prong mechanisms are just now being put in place. These include the Agribusiness Market Development Program and support for other SMEs, the application—on a pilot scale—of innovative technologies related to fuel alternatives and water quality improvements, demand-side management initiatives focused on energy savings, expanded support for NGOs and local governments, a certificate program to re-house earthquake victims and a broad range of social sector activities. This transition is quantifiably reflected by the following: In FY 1999 USAID provided approximately 25% of its total obligations to contractors and grantees directly engaging ultimate beneficiaries (e.g., firm-level assistance, direct outreach to citizens, local-level management of resources, delivery of social services--as opposed to interventions that are at the systemic/national-level). However, in the FY 2000-FY 2003 period, the Mission estimates that more than 50% of its resources (\$100 million out of a total budget of \$193 million) will be dedicated to activities directly interfacing with service providers/users.

By sector, this shift in emphasis includes:

--In support of private sector growth, more than \$30 million is allocated to support SMEs, self-regulating organizations and local tax administration (less than \$9 million is programmed for privatization, land reform and capital markets development).

--In the Energy Sector, more than \$11 million is to be used for fuels development and demand-side management, after only nominal amounts had been spent in these areas in previous years.

--In support of its democracy and governance objectives, the Mission will provide up to \$20 million for NGO programs, media support, adult and secondary school civic education and local governments.

--Approximately \$12 million is programmed under the Social Transition Program for social service delivery and public works, with an additional \$12 million provided for primary health partnerships.

--The Mission will provide up to \$15 million for the direct benefit of the victims of the 1988 earthquake.

The number of Mission personnel has grown in recent years, with the staffing pattern ceiling now set at 57 (compared to 50 last year). This R4 proposes a further increase to 64 in 2001—a staffing level that remains very small relative to the size and complexity of the USAID/Armenia program. This further expansion primarily responds to the need for additional technical expertise in order to provide adequate program oversight, especially as the Mission initiates activities in the social sectors and water/environment. All but two of the new FY 2001 positions are program-funded, so the Mission's major resource issue related to these plans is that of office space, pending the opening of a new Embassy in Yerevan (tentatively scheduled for FY 2005).

The Mission's major staffing/OE concern relates to the coverage of procurement, administrative and financial management functions. Most significantly, the Mission believes that the lack of a dedicated contracting officer will both reduce its programmatic effectiveness and increase its management vulnerability in the immediate future. Therefore, a new USDH contracting officer position is included in the R4's FY 2001 workforce request table. We believe it is imperative to formalize this request, even though we recognize that it will be difficult for the Bureau to comply. The rationale for this urgency can be summarized as follows:

The Mission is responsible for managing \$86 million in FY 2000 (including carry-over). There is every reason to believe that USAID/Armenia's OYB will continue to be in the range of \$60 million for the foreseeable future. The RCO is expected to obligate at least \$70 million of the Mission's \$86 million FY 2000 OYB—a ratio that is unlikely to change much in the future. The Mission continues to take advantage of USAID/Washington instruments to the extent practical. However, the workload associated with executing task orders under Global/E&E mechanisms and the growing number of direct Mission contracts and grants, as well as the demands for ongoing contract/grant administration, clearly requires at least one full-time USDH position. Considering the similar level of support that must be provided to the USAID/Caucasus program, one person can not effectively meet the needs of both Missions. While USAID/Armenia has hired a FSN procurement specialist to support the RCO, it will be difficult for the Mission to sustain its activity level—let alone expand it as called for in this R4—without the direct, timely and definitive guidance and service of a USDH contracting officer.

If a USDH contracting officer is not assigned to Yerevan, the Mission will pursue the possibility of hiring a US PSC contracting officer using program funds. An earlier effort to recruit and hire a USPSC negotiator did not succeed in identifying any applicants who would meet OP criteria for such a position. But even if such a recruitment is successful, the type of services he/she can provide will be qualitatively less than a USDH—and the Mission may have to reconsider some of the ambitious plans it has laid out for the next three years.

While not of the same urgency—and not formally included in the Mission's out-year staffing request, the constant high funding levels and growing complexity of the USAID/Armenia portfolio will continue to increase the Mission's vulnerability related to procurement, administrative and financial systems. As such, the Bureau should consider adding a USDH Controller to the Mission's FTE within the next two years. While the Mission has covered its

needs in this area to date through the recruitment of an experienced PSC, over time the lack of a USDH in the critical areas of financial management and contracting, combined with the Mission's significant funding level and difficult work environment, could have the cumulative impact of undermining its ability to ensure the optimal and appropriate use of its staff and financial resources.

FY 2000 - FY 2002
COUNTRY RESOURCE REQUEST (by project components)
USAID/ARMENIA

Last revision date:
March 28, 2000

Name of SO/ PROJECT/ Activity	FY 2000			FY 2001	FY 2002
	FY99/00 Carryover	FY00/01 OYB	TOTAL CO + OYB		
110-013 GROWTH OF COMPETITIVE PRIVATE SECTOR	\$7,127,831	\$18,000,000	\$25,127,831	\$18,000,000	\$24,000,000
Project 110-0005 Private Sector Initiatives	\$6,039,905	\$9,000,000	\$15,039,905	\$13,000,000	\$18,500,000
SME Development	\$338,660	\$5,725,626	\$6,064,286	\$7,500,000	\$11,000,000
Comprehensive Market Reform	\$5,644,399	\$2,984,801	\$8,629,200	\$5,000,000	\$7,000,000
ADMIN Tech Support / Field Management	\$56,846	\$289,573	\$346,419	\$500,000	\$500,000
Project 110-0009 Econ Restructuring & Financial Reform	\$1,087,926	\$6,000,000	\$7,087,926	\$3,000,000	\$3,500,000
Financial Sector Reform	\$437,926	\$1,600,000	\$2,037,926	\$2,000,000	\$2,000,000
Market Environment	\$650,000	\$4,000,000	\$4,650,000	\$550,000	\$1,000,000
ADMIN Tech Support / Field Management	\$0	\$400,000	\$400,000	\$450,000	\$500,000
Project 110-0010 EURASIA FOUNDATION	\$0	\$3,000,000	\$3,000,000	\$2,000,000	\$2,000,000
110-015 A MORE ECONOMICALLY SUSTAINABLE AND ENVIRONMENTALLY SOUND ENERGY SECTOR	\$3,862,735	\$8,000,000	\$11,862,735	\$6,500,000	\$7,500,000
Project 110-0002 Energy Efficiency & Market Reform	\$3,862,735	\$8,000,000	\$11,862,735	\$6,500,000	\$7,500,000
Pricing & National Policy	\$1,300,000	\$2,000,000	\$3,300,000	\$2,900,000	\$2,750,000
Energy Efficiency / Performance Improvement	\$2,075,449	\$1,525,000	\$3,600,449	\$2,200,000	\$3,750,000
Energy Subsector Privatization/Restructuring	\$11,501	\$4,000,000	\$4,011,501	\$900,000	\$500,000
ADMIN Tech Support / Field Management	\$475,785	\$475,000	\$950,785	\$500,000	\$500,000
110-016 WATER / ENVIRONMENT - TBD	\$0	\$0	\$0	\$1,000,000	\$1,000,000
Project 110-0003 Environment	\$0	\$0	* \$0	\$1,000,000	\$1,000,000
Environmental Policy and Inst Building	\$0	\$0	\$0	\$900,000	\$750,000
ADMIN Tech Support / Field Management	\$0	\$0	\$0	\$100,000	\$250,000
110-021 More Transparent, Accountable and Responsive Democratic Governance	\$3,664,047	\$9,500,000	\$13,164,047	\$9,000,000	\$9,000,000
Project 110-0007 Democracy & Governance	\$3,664,047	\$9,500,000	\$13,164,047	\$9,000,000	\$9,000,000
Political & Civic Organizations	\$421,707	\$4,950,000	\$5,371,707	\$1,600,000	\$1,600,000
Independent Media	\$492,340	\$800,000	\$1,292,340	\$3,200,000	\$3,200,000
Local Government	\$1,400,000	\$1,600,000	\$3,000,000	\$1,400,000	\$1,400,000
Rule of Law	\$1,350,000	\$1,670,000	\$3,020,000	\$2,300,000	\$2,300,000
ADMIN Tech Support / Field Management	\$0	\$480,000	\$480,000	\$500,000	\$500,000
110-034 MITIGATION OF ADVERSE EFFECTS OF THE TRANSITION	\$6,913,081	\$9,300,000	\$16,213,081	\$11,500,000	\$12,500,000
Project 110-0001 Special Initiatives	\$2,313,081	\$4,700,000	\$7,013,081	\$6,900,000	\$7,900,000
PVO Caucasus/Humanitarian Prog.	\$2,025,393	\$4,700,000	\$6,725,393	\$6,625,000	\$7,600,000
Multilateral Humanitarian Assistance	\$0	\$0	\$0	\$0	\$0
ADMIN Tech Support / Field Management	\$287,688	\$0	\$287,688	\$275,000	\$300,000
1100004 Health Care	\$4,600,000	\$4,600,000	\$9,200,000	\$4,600,000	\$4,600,000
Medical Partnerships	\$1,700,000	\$2,696,437	\$4,396,437	\$350,000	\$0
Social Safety	\$1,287,800	\$603,563	\$1,891,363	\$2,900,000	\$3,250,000
Fam Planning/Reproductive Health	\$1,294,000	\$1,300,000	\$2,594,000	\$1,300,000	\$1,300,000
ADMIN Tech Support / Field Management	\$318,200	\$0	\$318,200	\$50,000	\$50,000
110-042 CROSS-CUTTING / SPECIAL INITIATIVES	\$160,375	\$19,300,000	\$19,460,375	\$3,000,000	\$4,000,000
Project 110-0001 Special Initiatives	\$160,375	\$300,000	\$460,375	\$1,000,000	\$1,000,000
Cross-Cutting/Special Initiatives	\$0	\$195,000	\$195,000	\$500,000	\$500,000
ADMIN Tech Support (Drivers, Logist)	\$160,375	\$105,000	\$265,375	\$500,000	\$500,000
Project 110-0008 Housing & Urban Development	\$0	\$15,000,000	\$15,000,000	\$0	\$0
Project 110-0012 Exchanges & Training	\$0	\$4,000,000	\$4,000,000	\$2,000,000	\$3,000,000
USAID Total	\$21,728,069	\$64,100,000	\$85,828,069	\$49,000,000	\$58,000,000

* -- Approximately \$1.5m from the Mission Energy FY 2000 budget will be reallocated to this water initiative if the Bureau approves this Special Objective

Accessing Global Bureau Services Through Field Support and Buy-Ins

Objective Name	Field Support and Buy-Ins: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)			
				FY 2001		FY 2002	
				Obligated by:		Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO 111-015-01 - A More Economically Sustainable and Environmentally Sound Energy Sector	Energy IQC; LAG-I-00-98-00004; ENV-SS03.00	High	4	1,625		3,000	
SO 111-015-01 - A More Economically Sustainable and Environmentally Sound Energy Sector	Energy IQC; LAG-I-00-98-00005; ENV-SS03.00	High	3	2,800		3,050	
SO 111-013-01 - Growth of Competitive Private Sector	RAISE; PCE-I-00-99-00002-00	High	1	3,500		5,750	
SO 111-034-01 - Mitigation of Adverse Social Impacts of the Transition	PVO/NGO Networks; HRN-A-00-98-00011-00	High	4	2,700		3,850	
SO 111-042-01 - Cross-cutting Programs	GTD; FAO-I-00-96-90018	Medium	6	2,000		3,000	
GRAND TOTAL.....				12,625	0	18,650	0

* For Priorities use high, medium-high, medium, medium-low, low

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NOTE: These are Mission projections of future use of Global mechanisms, not a formal commitment to use these mechanisms or the precise funding levels to be provided.

FY 2000 Budget Request by Program/Country

Fiscal Year: 2000 Program/Country: FSA/Armenia
 Approp: NIS
 Scenario:

S.O. # , Title															
FY 2000 Request															
	Bilateral/ Field Spt	Total	Agri- culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Health Promotion (**)	Environ	D/G	Est. S.O. Expendi- tures	Est. S.O. Pipeline End of FY2000
SO 111-013-01: Growth of Competitive Private Sector															
	Bilateral	20,078	125	19,953				0						20,200	22,428
	Field Spt	5,050	5,000	50											
		25,128	5,125	20,003	0	0	0	0	0	0	0	0	0	20,200	22,428
SO 111-015-01: A More Sustainable and Environmentally Sound Energy Sector															
	Bilateral	3,363		3,363										19,000	3,363
	Field Spt	7,000		2,000								5,000			
		10,363	0	5,363	0	0	0	0	0	0	0	5,000	0	19,000	3,363
SpO 111-016-01 Water / Environment -- TBD															
	Bilateral	1,500										1,500		200	1,300
	Field Spt	0													
		1,500	0	0	0	0	0	0	0	0	0	1,500	0	200	1,300
SO 111-021-01: More Transparent, Accountable and Responsive Democratic Governance															
	Bilateral	13,164											13,164	9,300	7,264
	Field Spt	0													
		13,164	0	0	0	0	0	0	0	0	0	0	13,164	9,300	7,264
SO 111-034-01: Mitigation of Adverse Social Impacts of the Transition															
	Bilateral	13,941		5,441			1,900				6,600			7,400	9,641
	Field Spt	700					700								
		14,641	0	5,441	0	0	2,600	0	0	0	6,600	0	0	7,400	9,641
SO 111-042-01: Cross-Cutting / Special Initiatives															
	Bilateral	17,372		17,372										9,800	12,472
	Field Spt	4,000		4,000											
		21,372	0	21,372	0	0	0	0	0	0	0	0	0	9,800	12,472
Total Bilateral		69,418	125	46,129	0	0	1,900	0	0	0	6,600	1,500	13,164	65,900	56,468
Total Field Support		16,750	5,000	6,050	0	0	700	0	0	0	0	5,000	0		
TOTAL PROGRAM		86,168	5,125	52,179	0	0	2,600	0	0	0	6,600	6,500	13,164	65,900	56,468

FY 2000 Request Agency Goal Totals	
Econ Growth	57,304
Democracy	13,164
HCD	0
PHN	9,200
Environment	6,500
Program ICASS	145
GCC (from all Goals)	5,000

FY 2000 Account Distribution (DA only)	
Dev. Assist Program	79,568
Dev. Assist ICASS	
Dev. Assist Total:	79,568
CSD Program	6,600
CSD ICASS	
CSD Total:	6,600

Prepare one set of tables for each Fiscal Year (FY2000, FY2001, FY2002)

Prepare one set of tables for each appropriation Account

Tables for DA and CSD may be combined on one table.

For the DA/CSD Table, columns marked with (*) will be funded from the CSD Account. (**) Health Promotion is normally funded from the CSD Account, although amounts for Victims of War/Victims of Torture are funded from the DA/DFA Account

Workforce Tables

Org <u>USAID/ARMENIA</u> End of year On-Board FY 2000 Estimate	SO 1.3	SO 1.5	SO 2.1	SO 3.4	SO 4.2	SpO1.6	Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/															
U.S. Direct Hire	1.5	0.5	1	1			4	3						3	7
Other U.S. Citizens							0	2	1	1				4	4
FSN/TCN Direct Hire							0							0	0
Other FSN/TCN							0	3	8	11	1			23	23
Subtotal	1.5	0.5	1	1	0	0	4	8	9	12	1	0	0	30	34
Program Funded 1/															
U.S. Citizens	3.5	1.5	1	2			8							0	8
FSNs/TCNs	3.5	1.5	3	2		1	11			4				4	15
Subtotal	7	3	4	4	0	1	19	0	0	4	0	0	0	4	23
Total Direct Workforce	8.5	3.5	5	5	0	1	23	8	9	16	1	0	0	34	57
TAACS							0							0	0
Fellows							0							0	0
IDIs							0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	8.5	3.5	5	5	0	1	23	8	9	16	1	0	0	34	57

Workforce Tables

Org <u>USAID/ARMENIA</u> End of year On-Board FY 2001 Target	SO 1.3	SO 1.5	SO 2.1	SO 3.4	SO 4.2	SpO1.6	Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/															
U.S. Direct Hire	1.5	0.5	1	1			4	3			1			4	8
Other U.S. Citizens							0	2	1	1				4	4
FSN/TCN Direct Hire							0							0	0
Other FSN/TCN							0	4	8	11	1			24	24
Subtotal	1.5	0.5	1	1	0	0	4	9	9	12	2	0	0	32	36
Program Funded 1/															
U.S. Citizens	3.5	1.5	1	3		1	10							0	10
FSNs/TCNs	4.5	1.5	4	3		1	14			4				4	18
Subtotal	8	3	5	6	0	2	24	0	0	4	0	0	0	4	28
Total Direct Workforce	9.5	3.5	6	7	0	2	28	9	9	16	2	0	0	36	64
TAACS							0							0	0
Fellows							0							0	0
IDIs							0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	9.5	3.5	6	7	0	2	28	9	9	16	2	0	0	36	64

Workforce Tables

Org <u>USAID/ARMENIA</u> End of year On-Board FY 2002 Target	SO 1.3	SO 1.5	SO 2.1	SO 3.4	SO 4.2	SpO1.6	Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
OE Funded: 1/															
U.S. Direct Hire	1.5	0.5	1	1			4	3			1			4	8
Other U.S. Citizens							0	2	1	1				4	4
FSN/TCN Direct Hire							0							0	0
Other FSN/TCN							0	4	8	11	1			24	24
Subtotal	1.5	0.5	1	1	0	0	4	9	9	12	2	0	0	32	36
Program Funded 1/															
U.S. Citizens	3.5	1.5	1	3		1	10							0	10
FSNs/TCNs	4.5	1.5	4	3		1	14			4				4	18
Subtotal	8	3	5	6	0	2	24	0	0	4	0	0	0	4	28
Total Direct Workforce	9.5	3.5	6	7	0	2	28	9	9	16	2	0	0	36	64
TAACS							0							0	0
Fellows							0							0	0
IDIs							0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	9.5	3.5	6	7	0	2	28	9	9	16	2	0	0	36	64

USDH Staffing Requirements by Backstop, FY 2000 - FY 2003

Mission:	USAID/Armenia
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Functional Backstop (BS)	Number of USDH Employees in Backstop in:			
	FY 2000	FY 2001	FY 2002	FY 2003

Senior Management				
SMG - 01	2	2	2	2

Program Management				
Program Mgt - 02	1	1	1	1
Project Dvpm Officer - 94				

Support Management				
EXO - 03				
Controller - 04				
Legal - 85				
Commodity Mgt. - 92				
Contract Mgt. - 93		1	1	1

Secretary - 05 & 07				
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Sector Management				
Agriculture - 10 & 14				
Economics - 11				
Democracy - 12	1	1	1	1
Food for Peace - 15				
Private Enterprise - 21				
Engineering - 25				
Environment - 40 & 75				
Health/Pop. - 50				
Education - 60				

General Dvpm. - 12*	3	3	3	3
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RUDO, UE-funded - 40				
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Total	7	8	8	8
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***GDO - 12:** for the rare case where an officer manages activities in several technical areas, none of which predominate, e.g., the officer manages Democracy, Health, and Environment activities that are about equal. An officer who manages primarily Health activities with some Democracy and Environment activities would be a Health Officer, BS 50.

remaining **IDIs**: list under the Functional Backstop for the work they do.

OPERATING EXPENSES

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0			0.0
	Subtotal OC 11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0			0.0
	Subtotal OC 11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0.0			0.0			0.0
11.5	FNDH			0.0			0.0			0.0
	Subtotal OC 11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	355.4		355.4	397.0		397.0	409.5		409.5
11.8	FN PSC Salaries	217.6		217.6	242.1		242.1	267.3		267.3
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0.0			0.0			0.0
	Subtotal OC 11.8	573.0	0.0	573.0	639.1	0.0	639.1	676.8	0.0	676.8
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	87.5		87.5	112.5		112.5	62.5		62.5
12.1	Cost of Living Allowances	0.0		0.0	0.0		0.0	0.0		0.0
12.1	Home Service Transfer Allowances	0.0		0.0	0.0		0.0	0.0		0.0
12.1	Quarters Allowances	5.0		5.0	15.0		15.0	10.0		10.0
12.1	Other Misc. USDH Benefits	7.5		7.5	7.5		7.5	8.2		8.2
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0.0			0.0			0.0
12.1	Other FNDH Benefits			0.0			0.0			0.0
12.1	US PSC Benefits	0.0		0.0	0.0		0.0	0.0		0.0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0.0			0.0			0.0
12.1	Other FN PSC Benefits	21.0		21.0	21.0		21.0	21.0		21.0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0.0			0.0			0.0
	Subtotal OC 12.1	121.0	0.0	121.0	156.0	0.0	156.0	101.7	0.0	101.7
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		

OPERATING EXPENSES

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
13.0	Severance Payments for FNDH			0.0			0.0			0.0
13.0	Other Benefits for Former Personnel - FNDH			0.0			0.0			0.0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0.0			0.0			0.0
13.0	Other Benefits for Former Personnel - FN PSCs			0.0			0.0			0.0
	Subtotal OC 13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	82.2		82.2	80.0		80.0	80.0		80.0
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field	7.0		7.0	21.0		21.0	14.0		14.0
21.0	Assignment to Washington Travel	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Home Leave Travel	13.0		13.0	11.0		11.0	15.0		15.0
21.0	R & R Travel	17.8		17.8	20.0		20.0	20.0		20.0
21.0	Education Travel	0.0		0.0	10.0		10.0	10.0		10.0
21.0	Evacuation Travel	16.0		16.0	20.0		20.0	20.0		20.0
21.0	Retirement Travel	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Pre-Employment Invitational Travel	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Other Mandatory/Statutory Travel	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel	40.0		40.0	40.0		40.0	40.0		40.0
21.0	Site Visits - Mission Personnel	45.0		45.0	45.0		45.0	45.0		45.0
21.0	Conferences/Seminars/Meetings/Retreats	36.1		36.1	25.0		25.0	25.0		25.0
21.0	Assessment Travel	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Impact Evaluation Travel	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Disaster Travel (to respond to specific disasters)	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Recruitment Travel	0.0		0.0	0.0		0.0	0.0		0.0
21.0	Other Operational Travel	30.0		30.0	30.0		30.0	30.0		30.0
	Subtotal OC 21.0	287.1	0.0	287.1	302.0	0.0	302.0	299.0	0.0	299.0

OPERATING EXPENSES

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight	25.0		25.0	75.0		75.0	50.0		50.0
22.0	Home Leave Freight	15.0		15.0	15.0		15.0	15.0		15.0
22.0	Retirement Freight	0.0		0.0	0.0		0.0	0.0		0.0
22.0	Transportation/Freight for Office Furniture/Equip.	33.0		33.0	56.2		56.2	44.0		44.0
22.0	Transportation/Freight for Res. Furniture/Equip.	61.0		61.0	19.0		19.0	68.3		68.3
	Subtotal OC 22.0	134.0	0.0	134.0	165.2	0.0	165.2	177.3	0.0	177.3
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	0.0		0.0	0.0		0.0	0.0		0.0
23.2	Rental Payments to Others - Warehouse Space	0.0		0.0	0.0		0.0	0.0		0.0
23.2	Rental Payments to Others - Residences	241.3		241.3	241.3		241.3	226.3		226.3
	Subtotal OC 23.2	241.3	0.0	241.3	241.3	0.0	241.3	226.3	0.0	226.3
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	10.0		10.0	10.0		10.0	10.0		10.0
23.3	Residential Utilities	40.0		40.0	40.0		40.0	40.0		40.0
23.3	Telephone Costs	50.0		50.0	50.0		50.0	50.0		50.0
23.3	ADP Software Leases	0.0		0.0	0.0		0.0	0.0		0.0
23.3	ADP Hardware Lease	0.0		0.0	0.0		0.0	0.0		0.0
23.3	Commercial Time Sharing	0.0		0.0	0.0		0.0	0.0		0.0
23.3	Postal Fees (Other than APO Mail)	0.0		0.0	0.0		0.0	0.0		0.0
23.3	Other Mail Service Costs	0.0		0.0	0.0		0.0	0.0		0.0
23.3	Courier Services	5.0		5.0	5.0		5.0	5.0		5.0
	Subtotal OC 23.3	105.0	0.0	105.0	105.0	0.0	105.0	105.0	0.0	105.0
24.0	Printing and Reproduction	2.0		2.0	2.0		2.0	2.0		2.0
	Subtotal OC 24.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations	0.0		0.0	0.0		0.0	0.0		0.0
25.1	Management & Professional Support Services	70.0		70.0	25.0		25.0	0.0		0.0
25.1	Engineering & Technical Services	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 25.1	70.0	0.0	70.0	25.0	0.0	25.0	0.0	0.0	0.0

OPERATING EXPENSES

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Residential Security Guard Services	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Official Residential Expenses	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Representation Allowances	1.0		1.0	1.0		1.0	1.0		1.0
25.2	Non-Federal Audits	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Grievances/Investigations	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Insurance and Vehicle Registration Fees	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Vehicle Rental	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Manpower Contracts	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Records Declassification & Other Records Services	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Recruiting activities	0.0		0.0	0.0		0.0	0.0		0.0
25.2	Penalty Interest Payments	5.0		5.0	5.0		5.0	5.0		5.0
25.2	Other Miscellaneous Services	40.0		40.0	40.0		40.0	40.0		40.0
25.2	Staff training contracts	20.0		20.0	20.0		20.0	20.0		20.0
25.2	ADP related contracts	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 25.2	66.0	0.0	66.0	66.0	0.0	66.0	66.0	0.0	66.0
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	394.0		394.0	394.0		394.0	394.0		394.0
25.3	All Other Services from Other Gov't. accounts	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 25.3	394.0	0.0	394.0	394.0	0.0	394.0	394.0	0.0	394.0
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	20.0		20.0	20.0		20.0	20.0		20.0
25.4	Residential Building Maintenance	35.0		35.0	35.0		35.0	35.0		35.0
	Subtotal OC 25.4	55.0	0.0	55.0	55.0	0.0	55.0	55.0	0.0	55.0
25.6	Medical Care									
	Subtotal OC 25.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	2.0		2.0	2.0		2.0	2.0		2.0
25.7	Storage Services	0.0		0.0	0.0		0.0	0.0		0.0
25.7	Office Furniture/Equip. Repair and Maintenance	15.0		15.0	15.0		15.0	15.0		15.0
25.7	Vehicle Repair and Maintenance	15.0		15.0	15.0		15.0	15.0		15.0
25.7	Residential Furniture/Equip. Repair and Maintenance	10.0		10.0	10.0		10.0	10.0		10.0
	Subtotal OC 25.7	42.0	0.0	42.0	42.0	0.0	42.0	42.0	0.0	42.0

OPERATING EXPENSES

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0.0			0.0			0.0
	Subtotal OC 25.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26.0	Supplies and materials	30.0		30.0	30.0		30.0	30.0		30.0
	Subtotal OC 26.0	30.0	0.0	30.0	30.0	0.0	30.0	30.0	0.0	30.0
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	147.3		147.3	38.0		38.0	123.8		123.8
31.0	Purchase of Office Furniture/Equip.	35.8		35.8	30.0		30.0	20.0		20.0
31.0	Purchase of Vehicles	0.0		0.0	18.3		18.3	0.0		0.0
31.0	Purchase of Printing/Graphics Equipment	30.0		30.0	20.0		20.0	10.0		10.0
31.0	ADP Hardware purchases	40.0		40.0	0.0		0.0	0.0		0.0
31.0	ADP Software purchases	26.5		26.5	0.0		0.0	0.0		0.0
	Subtotal OC 31.0	279.6	0.0	279.6	106.3	0.0	106.3	153.8	0.0	153.8
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)	0.0		0.0	0.0		0.0	0.0		0.0
32.0	Purchase of fixed equipment for buildings	0.0		0.0	0.0		0.0	0.0		0.0
32.0	Building Renovations/Alterations - Office	0.0		0.0	0.0		0.0	0.0		0.0
32.0	Building Renovations/Alterations - Residential	0.0		0.0	0.0		0.0	0.0		0.0
	Subtotal OC 32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42.0	Claims and indemnities			0.0			0.0			0.0
	Subtotal OC 42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BUDGET		2,400.0	0.0	2,400.0	2,328.9	0.0	2,328.9	2,328.9	0.0	2,328.9

Additional Mandatory Information

Dollars Used for Local Currency Purchases

200.0

250.0

300.0

Exchange Rate Used in Computations

526 : \$1 _____

535 : \$1 _____

540 : 1 _____

**

If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:

0.0

0.0

0.0

Organization: USAID/Armenia

Foreign National Voluntary Separation Account									
Action	FY 2000			FY 2001			FY 2002		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	Currently USAID/Armenia does not have Foreign National Voluntary Separation Account								
Withdrawals									

Local Currency Trust Funds - Regular			
	FY 2000	FY 2001	FY 2002
Balance Start of Year	Currently USAID/Armenia doesn't have Regular Local Currency Trust Funds		
Obligations			
Deposits			
Balance End of Year			

Exchange Rate _____

Local Currency Trust Funds - Real Property			
	FY 2000	FY 2001	FY 2002
Balance Start of Year	Currently USAID/Armenia doesn't have Local Currency Trust Funds -Real Property		
Obligations			
Deposits			
Balance End of Year			

Exchange Rate _____

CONTROLLER OPERATIONS

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0			0.0
	Subtotal OC 11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0			0.0
	Subtotal OC 11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0.0			0.0			0.0
11.5	FNDH			0.0			0.0			0.0
	Subtotal OC 11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	96.3		96.3	120.2		120.2	124.4		124.4
11.8	FN PSC Salaries	60.3		60.3	70.1		70.1	76.8		76.8
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0.0		0.0			0.0			0.0
	Subtotal OC 11.8	156.6	0.0	156.6	190.3	0.0	190.3	201.2	0.0	201.2
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances			0.0	25.0		25.0	25.0		25.0
12.1	Cost of Living Allowances			0.0			0.0			0.0
12.1	Home Service Transfer Allowances			0.0			0.0			0.0
12.1	Quarters Allowances			0.0	5.0		5.0			0.0
12.1	Other Misc. USDH Benefits			0.0			0.0			0.0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0.0			0.0			0.0
12.1	Other FNDH Benefits			0.0			0.0			0.0
12.1	US PSC Benefits			0.0			0.0			0.0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0.0			0.0			0.0
12.1	Other FN PSC Benefits			2.0			2.0	2.0		2.0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0.0			0.0			0.0
	Subtotal OC 12.1	0.0	0.0	2.0	30.0	0.0	32.0	27.0	0.0	27.0
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		

CONTROLLER OPERATIONS

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
13.0	Severance Payments for FNDH			0.0			0.0			0.0
13.0	Other Benefits for Former Personnel - FNDH			0.0			0.0			0.0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0.0			0.0			0.0
13.0	Other Benefits for Former Personnel - FN PSCs			0.0			0.0			0.0
	Subtotal OC 13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel	28.0		28.0	28.0		28.0	28.0		28.0
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field			0.0	7.0		7.0			0.0
21.0	Assignment to Washington Travel			0.0			0.0			0.0
21.0	Home Leave Travel			0.0			0.0			0.0
21.0	R & R Travel	3.0		3.0	3.0		3.0	3.0		3.0
21.0	Education Travel			0.0			0.0			0.0
21.0	Evacuation Travel			0.0			0.0			0.0
21.0	Retirement Travel			0.0			0.0			0.0
21.0	Pre-Employment Invitational Travel			0.0			0.0			0.0
21.0	Other Mandatory/Statutory Travel			0.0			0.0			0.0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel			0.0			0.0			0.0
21.0	Site Visits - Mission Personnel	5.0		5.0	5.0		5.0	5.0		5.0
21.0	Conferences/Seminars/Meetings/Retreats	5.0		5.0	5.0		5.0	5.0		5.0
21.0	Assessment Travel			0.0			0.0			0.0
21.0	Impact Evaluation Travel			0.0			0.0			0.0
21.0	Disaster Travel (to respond to specific disasters)			0.0			0.0			0.0
21.0	Recruitment Travel			0.0			0.0			0.0
21.0	Other Operational Travel	5.0		5.0	5.0		5.0	5.0		5.0
	Subtotal OC 21.0	46.0	0.0	46.0	53.0	0.0	53.0	46.0	0.0	46.0

CONTROLLER OPERATIONS

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight			0.0	25.0		25.0			0.0
22.0	Home Leave Freight			0.0			0.0			0.0
22.0	Retirement Freight			0.0			0.0			0.0
22.0	Transportation/Freight for Office Furniture/Equip.			0.0			0.0			0.0
22.0	Transportation/Freight for Res. Furniture/Equip.			0.0			0.0			0.0
	Subtotal OC 22.0	0.0	0.0	0.0	25.0	0.0	25.0	0.0	0.0	0.0
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space			0.0			0.0			0.0
23.2	Rental Payments to Others - Warehouse Space			0.0			0.0			0.0
23.2	Rental Payments to Others - Residences	24.0		24.0	24.0		24.0	24.0		24.0
	Subtotal OC 23.2	24.0	0.0	24.0	24.0	0.0	24.0	24.0	0.0	24.0
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	1.0		1.0	1.0		1.0	1.0		1.0
23.3	Residential Utilities	5.0		5.0	5.0		5.0	5.0		5.0
23.3	Telephone Costs	5.0		5.0	5.0		5.0	5.0		5.0
23.3	ADP Software Leases			0.0			0.0			0.0
23.3	ADP Hardware Lease			0.0			0.0			0.0
23.3	Commercial Time Sharing			0.0			0.0			0.0
23.3	Postal Fees (Other than APO Mail)			0.0			0.0			0.0
23.3	Other Mail Service Costs			0.0			0.0			0.0
23.3	Courier Services	1.0		1.0	1.0		1.0	1.0		1.0
	Subtotal OC 23.3	12.0	0.0	12.0	12.0	0.0	12.0	12.0	0.0	12.0
24.0	Printing and Reproduction			0.0			0.0			0.0
	Subtotal OC 24.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0.0			0.0			0.0
25.1	Management & Professional Support Services	7.0		7.0	2.0		2.0	0.0		0.0
25.1	Engineering & Technical Services			0.0			0.0			0.0
	Subtotal OC 25.1	7.0	0.0	7.0	2.0	0.0	2.0	0.0	0.0	0.0

CONTROLLER OPERATIONS

Org. Title:		Overseas Mission Budgets								
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards			0.0			0.0			0.0
25.2	Residential Security Guard Services			0.0			0.0			0.0
25.2	Official Residential Expenses			0.0			0.0			0.0
25.2	Representation Allowances			0.0			0.0			0.0
25.2	Non-Federal Audits			0.0			0.0			0.0
25.2	Grievances/Investigations			0.0			0.0			0.0
25.2	Insurance and Vehicle Registration Fees			0.0			0.0			0.0
25.2	Vehicle Rental			0.0			0.0			0.0
25.2	Manpower Contracts			0.0			0.0			0.0
25.2	Records Declassification & Other Records Services			0.0			0.0			0.0
25.2	Recruiting activities			0.0			0.0			0.0
25.2	Penalty Interest Payments			0.0			0.0			0.0
25.2	Other Miscellaneous Services			0.0			0.0			0.0
25.2	Staff training contracts	5.0		5.0	5.0		5.0	5.0		5.0
25.2	ADP related contracts			0.0			0.0			0.0
	Subtotal OC 25.2	5.0	0.0	5.0	5.0	0.0	5.0	5.0	0.0	5.0
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	39.4		39.4	39.4		39.4	39.4		39.4
25.3	All Other Services from Other Gov't. accounts			0.0			0.0			0.0
	Subtotal OC 25.3	39.4	0.0	39.4	39.4	0.0	39.4	39.4	0.0	39.4
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	1.0		1.0			0.0			0.0
25.4	Residential Building Maintenance	5.0		5.0			0.0			0.0
	Subtotal OC 25.4	6.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0
25.6	Medical Care									
	Subtotal OC 25.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs			0.0			0.0			0.0
25.7	Storage Services			0.0			0.0			0.0
25.7	Office Furniture/Equip. Repair and Maintenance			0.0			0.0			0.0
25.7	Vehicle Repair and Maintenance			0.0			0.0			0.0
25.7	Residential Furniture/Equip. Repair and Maintenance			0.0			0.0			0.0
	Subtotal OC 25.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CONTROLLER OPERATIONS

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0.0			0.0			0.0
	Subtotal OC 25.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26.0	Supplies and materials	5.0		5.0	5.0		5.0	5.0		5.0
	Subtotal OC 26.0	5.0	0.0	5.0	5.0	0.0	5.0	5.0	0.0	5.0
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.			0.0			0.0	4.0		4.0
31.0	Purchase of Office Furniture/Equip.			0.0			0.0			0.0
31.0	Purchase of Vehicles			0.0			0.0			0.0
31.0	Purchase of Printing/Graphics Equipment			0.0			0.0			0.0
31.0	ADP Hardware purchases	5.0		5.0	5.0		5.0	5.0		5.0
31.0	ADP Software purchases	2.5		2.5	2.5		2.5	2.5		2.5
	Subtotal OC 31.0	7.5	0.0	7.5	7.5	0.0	7.5	11.5	0.0	11.5
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)			0.0			0.0			0.0
32.0	Purchase of fixed equipment for buildings			0.0			0.0			0.0
32.0	Building Renovations/Alterations - Office			0.0			0.0			0.0
32.0	Building Renovations/Alterations - Residential			0.0			0.0			0.0
	Subtotal OC 32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42.0	Claims and indemnities			0.0			0.0			0.0
	Subtotal OC 42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BUDGET		308.5	0.0	310.5	393.2	0.0	395.2	371.1	0.0	371.1

Additional Mandatory Information

Dollars Used for Local Currency Purchases

20.0

20.0

20.0

Exchange Rate Used in Computations

526 : \$1 _____

535 : \$1 _____

540 : 1 _____

**

If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:

0.0

0.0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0			0
11.5	FNDH			0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries			0			0			0
11.8	FN PSC Salaries			0			0			0
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0
	Subtotal OC 11.8	0	0	0	0	0	0	0	0	0
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances			0			0			0
12.1	Cost of Living Allowances			0			0			0
12.1	Home Service Transfer Allowances			0			0			0
12.1	Quarters Allowances			0			0			0
12.1	Other Misc. USDH Benefits			0			0			0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0			0			0
12.1	Other FNDH Benefits			0			0			0
12.1	US PSC Benefits			0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0			0			0
12.1	Other FN PSC Benefits			0			0			0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0
	Subtotal OC 12.1	0	0	0	0	0	0	0	0	0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH			0			0			0
13.0	Other Benefits for Former Personnel - FNDH			0			0			0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FN PSCs			0			0			0
13.0	Other Benefits for Former Personnel - FN PSCs			0			0			0
Subtotal OC 13.0		0	0	0	0	0	0	0	0	0
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel			0			0			0
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field			0			0			0
21.0	Assignment to Washington Travel			0			0			0
21.0	Home Leave Travel			0			0			0
21.0	R & R Travel			0			0			0
21.0	Education Travel			0			0			0
21.0	Evacuation Travel			0			0			0
21.0	Retirement Travel			0			0			0
21.0	Pre-Employment Invitational Travel			0			0			0
21.0	Other Mandatory/Statutory Travel			0			0			0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel			0			0			0
21.0	Site Visits - Mission Personnel			0			0			0
21.0	Conferences/Seminars/Meetings/Retreats			0			0			0
21.0	Assessment Travel			0			0			0
21.0	Impact Evaluation Travel			0			0			0
21.0	Disaster Travel (to respond to specific disasters)			0			0			0
21.0	Recruitment Travel			0			0			0
21.0	Other Operational Travel			0			0			0
Subtotal OC 21.0		0	0	0	0	0	0	0	0	0
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight			0			0			0
22.0	Home Leave Freight			0			0			0
22.0	Retirement Freight			0			0			0
22.0	Transportation/Freight for Office Furniture/Equip.			0			0			0
22.0	Transportation/Freight for Res. Furniture/Equip.			0			0			0
Subtotal OC 22.0		0	0	0	0	0	0	0	0	0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space			0			0			0
23.2	Rental Payments to Others - Warehouse Space			0			0			0
23.2	Rental Payments to Others - Residences			0			0			0
	Subtotal OC 23.2	0	0	0	0	0	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities			0			0			0
23.3	Residential Utilities			0			0			0
23.3	Telephone Costs			0			0			0
23.3	ADP Software Leases			0			0			0
23.3	ADP Hardware Lease			0			0			0
23.3	Commercial Time Sharing			0			0			0
23.3	Postal Fees (Other than APO Mail)			0			0			0
23.3	Other Mail Service Costs			0			0			0
23.3	Courier Services			0			0			0
	Subtotal OC 23.3	0	0	0	0	0	0	0	0	0
24.0	Printing and Reproduction			0			0			0
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0
25.1	Management & Professional Support Services			0			0			0
25.1	Engineering & Technical Services			0			0			0
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards			0			0			0
25.2	Residential Security Guard Services			0			0			0
25.2	Official Residential Expenses			0			0			0
25.2	Representation Allowances			0			0			0
25.2	Non-Federal Audits			0			0			0
25.2	Grievances/Investigations			0			0			0
25.2	Insurance and Vehicle Registration Fees			0			0			0
25.2	Vehicle Rental			0			0			0
25.2	Manpower Contracts			0			0			0
25.2	Records Declassification & Other Records Services			0			0			0
25.2	Recruiting activities			0			0			0
25.2	Penalty Interest Payments			0			0			0
25.2	Other Miscellaneous Services			0			0			0
25.2	Staff training contracts			0			0			0
25.2	ADP related contracts			0			0			0
	Subtotal OC 25.2	0	0	0	0	0	0	0	0	0

CAPITAL INVESTMENT FUND

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS			0			0			0
25.3	All Other Services from Other Gov't. accounts			0			0			0
	Subtotal OC 25.3	0	0	0	0	0	0	0	0	0
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance			0			0			0
25.4	Residential Building Maintenance			0			0			0
	Subtotal OC 25.4	0	0	0	0	0	0	0	0	0
25.6	Medical Care									
	Subtotal OC 25.6	0	0	0	0	0	0	0	0	0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs			0			0			0
25.7	Storage Services			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance			0			0			0
25.7	Vehicle Repair and Maintenance			0			0			0
25.7	Residential Furniture/Equip. Repair and Maintenance			0			0			0
	Subtotal OC 25.7	0	0	0	0	0	0	0	0	0
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0
26.0	Supplies and materials			0			0			0
	Subtotal OC 26.0	0	0	0	0	0	0	0	0	0
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.			0			0			0
31.0	Purchase of Office Furniture/Equip.			0			0			0
31.0	Purchase of Vehicles			0			0			0
31.0	Purchase of Printing/Graphics Equipment			0			0			0
31.0	ADP Hardware purchases			0	44.0		44.0	44.0		44.0
31.0	ADP Software purchases			0	27.1		27.1	27.1		27.1
	Subtotal OC 31.0	0	0	0	71.1	0	71.1	71.1	0	71.1

CAPITAL INVESTMENT FUND

Org. Title: USAID/Armenia		Overseas Mission Budgets								
Org. No: 111		FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)			0			0			0
32.0	Purchase of fixed equipment for buildings			0			0			0
32.0	Building Renovations/Alterations - Office			0			0			0
32.0	Building Renovations/Alterations - Residential			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0
42.0	Claims and indemnities			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		0	0	0	71.1	0	71.1	71.1	0	71.1

Additional Mandatory Information

Dollars Used for Local Currency Purchases

0

0

0

Exchange Rate Used in Computations

See Justification below

**

If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:

0

0

0

Justification

Every year we need to upgrade some of ADP software and hardware, buy new software/hardware, replace old computers, printers, defective computer parts or accessories. We also need computer supplies such as printer toner, diskettes, Zip media, tools, utilities, etc. These are a must, without which we can not operate our business. The given amounts are a modest estimate for our ADP software and hardware requirements for the next two years.

OC	Resource Category Title	FY 2000 Estimate	FY 2001 Target	FY 2002 Target
11.8	Special personal services payments IPA/Details-In/PASAs/RSSAs Salaries	Do not enter data on this line.		
	Subtotal OC 11.8	0.0	0.0	0.0
12.1	Personnel Benefits IPA/Details-In/PASAs/RSSAs Salaries			
	Subtotal OC 12.1	0.0	0.0	0.0
21.0	Travel and transportation of persons Training Travel Operational Travel Site Visits - Headquarters Personnel Site Visits - Mission Personnel Conferences/Seminars/Meetings/Retreats Assessment Travel Impact Evaluation Travel Disaster Travel (to respond to specific disasters) Recruitment Travel Other Operational Travel	Do not enter data on this line.		
	Subtotal OC 21.0	0.0	0.0	0.0
23.3	Communications, Utilities, and Miscellaneous Charges Commercial Time Sharing	Do not enter data on this line.		
	Subtotal OC 23.3	0.0	0.0	0.0
24.0	Printing & Reproduction Subscriptions & Publications	Do not enter data on this line.		
	Subtotal OC 24.0	0.0	0.0	0.0
25.1	Advisory and assistance services Studies, Analyses, & Evaluations Management & Professional Support Services Engineering & Technical Services	Do not enter data on this line.		
	Subtotal OC 25.1	0.0	0.0	0.0
25.2	Other services Non-Federal Audits Grievances/Investigations Manpower Contracts Other Miscellaneous Services Staff training contracts	Do not enter data on this line.		
	Subtotal OC 25.2	0.0	0.0	0.0
25.3	Purchase of goods and services from Government accounts DCAA Audits HHS Audits All Other Federal Audits Reimbursements to Other USAID Accounts All Other Services from other Gov't. Agencies	Do not enter data on this line.		
	Subtotal OC 25.3	0.0	0.0	0.0
25.7	Operation & Maintenance of Equipment & Storage			
	Subtotal OC 25.7	0.0	0.0	0.0
25.8	Substance and support of persons (contract or Gov't.)			
	Subtotal OC 25.8	0.0	0.0	0.0
26.0	Supplies and Materials			
	Subtotal OC 26.0	0.0	0.0	0.0
31.0	Equipment ADP Software Purchases ADP Hardware Purchases			
	Subtotal OC 31.0	0.0	0.0	0.0
TOTAL BUDGET		0.0	0.0	0.0

ICASS REIMBURSEMENTS

Org. Title: Org. No: OC		USAID/Armenia 111		Overseas Mission Budgets															
				FY 2000 Estimate			FY 2001 Target			FY 2001 Request			FY 2002 Target			FY 2002 Request			
				Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	
11.1	Washington Funded USDH Salaries & Benefits			0			0			0			0			0			0
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
11.5	USDH			0			0			0			0			0			0
11.5	FNDH			0			0			0			0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
11.8	USPSC Salaries			0			0			0			0			0			0
11.8	FN PSC Salaries			0			0			0			0			0			0
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0			0			0			0
	Subtotal OC 11.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
12.1	Educational Allowances			0			0			0			0			0			0
12.1	Cost of Living Allowances			0			0			0			0			0			0
12.1	Home Service Transfer Allowances			0			0			0			0			0			0
12.1	Quarters Allowances			0			0			0			0			0			0
12.1	Other Misc. USDH Benefits			0			0			0			0			0			0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0			0			0			0			0			0
12.1	Other FNDH Benefits			0			0			0			0			0			0
12.1	US PSC Benefits			0			0			0			0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0			0			0			0			0			0
12.1	Other FN PSC Benefits			0			0			0			0			0			0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0			0			0			0
	Subtotal OC 12.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
13.0	Severance Payments for FNDH			0			0			0			0			0			0
13.0	Other Benefits for Former Personnel - FNDH			0			0			0			0			0			0
13.0	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line					
13.0	Severance Payments for FN PSCs			0			0			0			0			0			0
13.0	Other Benefits for Former Personnel - FN PSCs			0			0			0			0			0			0
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ICASS REIMBURSEMENTS

Org. Title:		Overseas Mission Budgets														
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2001 Request			FY 2002 Target			FY 2002 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
21.0	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel			0			0			0			0			0
21.0	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Post Assignment Travel - to field			0			0			0			0			0
21.0	Assignment to Washington Travel			0			0			0			0			0
21.0	Home Leave Travel			0			0			0			0			0
21.0	R & R Travel			0			0			0			0			0
21.0	Education Travel			0			0			0			0			0
21.0	Evacuation Travel			0			0			0			0			0
21.0	Retirement Travel			0			0			0			0			0
21.0	Pre-Employment Invitational Travel			0			0			0			0			0
21.0	Other Mandatory/Statutory Travel			0			0			0			0			0
21.0	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Site Visits - Headquarters Personnel			0			0			0			0			0
21.0	Site Visits - Mission Personnel			0			0			0			0			0
21.0	Conferences/Seminars/Meetings/Retreats			0			0			0			0			0
21.0	Assessment Travel			0			0			0			0			0
21.0	Impact Evaluation Travel			0			0			0			0			0
21.0	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21.0	Recruitment Travel			0			0			0			0			0
21.0	Other Operational Travel			0			0			0			0			0
Subtotal OC 21.0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22.0	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0	Post assignment freight			0			0			0			0			0
22.0	Home Leave Freight			0			0			0			0			0
22.0	Retirement Freight			0			0			0			0			0
22.0	Transportation/Freight for Office Furniture/Equip.			0			0			0			0			0
22.0	Transportation/Freight for Res. Furniture/Equip.			0			0			0			0			0
Subtotal OC 22.0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space			0			0			0			0			0
23.2	Rental Payments to Others - Warehouse Space			0			0			0			0			0
23.2	Rental Payments to Others - Residences			0			0			0			0			0
Subtotal OC 23.2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities			0			0			0			0			0
23.3	Residential Utilities			0			0			0			0			0
23.3	Telephone Costs			0			0			0			0			0
23.3	ADP Software Leases			0			0			0			0			0
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)			0			0			0			0			0
23.3	Other Mail Service Costs			0			0			0			0			0
23.3	Courier Services			0			0			0			0			0
Subtotal OC 23.3		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ICASS REIMBURSEMENTS

Org. Title:		Overseas Mission Budgets														
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2001 Request			FY 2002 Target			FY 2002 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
24.0	Printing and Reproduction			0			0			0			0			0
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services			0			0			0			0			0
25.1	Engineering & Technical Services			0			0			0			0			0
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards			0			0			0			0			0
25.2	Residential Security Guard Services			0			0			0			0			0
25.2	Official Residential Expenses			0			0			0			0			0
25.2	Representation Allowances			0			0			0			0			0
25.2	Non-Federal Audits			0			0			0			0			0
25.2	Grievances/Investigations			0			0			0			0			0
25.2	Insurance and Vehicle Registration Fees			0			0			0			0			0
25.2	Vehicle Rental			0			0			0			0			0
25.2	Manpower Contracts			0			0			0			0			0
25.2	Records Declassification & Other Records Services			0			0			0			0			0
25.2	Recruiting activities			0			0			0			0			0
25.2	Penalty Interest Payments			0			0			0			0			0
25.2	Other Miscellaneous Services			0			0			0			0			0
25.2	Staff training contracts			0			0			0			0			0
25.2	ADP related contracts			0			0			0			0			0
	Subtotal OC 25.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS			0			0			0			0			0
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance			0			0			0			0			0
25.4	Residential Building Maintenance			0			0			0			0			0
	Subtotal OC 25.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs			0			0			0			0			0
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance			0			0			0			0			0
25.7	Vehicle Repair and Maintenance			0			0			0			0			0
25.7	Residential Furniture/Equip. Repair and Maintenance			0			0			0			0			0
	Subtotal OC 25.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.8	Subsistence & spt. of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ICASS REIMBURSEMENTS

Org. Title:		Overseas Mission Budgets														
Org. No:		FY 2000 Estimate			FY 2001 Target			FY 2001 Request			FY 2002 Target			FY 2002 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
26.0	Supplies and materials			0			0			0			0			0
	Subtotal OC 26.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.			0			0			0			0			0
31.0	Purchase of Office Furniture/Equip.			0			0			0			0			0
31.0	Purchase of Vehicles			0			0			0			0			0
31.0	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31.0	ADP Hardware purchases			0			0			0			0			0
31.0	ADP Software purchases			0			0			0			0			0
	Subtotal OC 31.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)			0			0			0			0			0
32.0	Purchase of fixed equipment for buildings			0			0			0			0			0
32.0	Building Renovations/Alterations - Office			0			0			0			0			0
32.0	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42.0	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		See Note Below			See Note Below			See Note Below			See Note Below			See Note Below		

Additional Mandatory Information

Dollars Used for Local Currency Purchases

Exchange Rate Used in Computations

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

** If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.
On that form, OE funded deposits must equal:

0	0	0	0	0
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Note: Currently USAID/Armenia is not an ICASS Service Provider.

Annex Environmental Impact

In its “Strategic Plan 1999-2003”, the Mission briefly reviewed the serious environmental problems in Armenia and the limited environmental aspects of its program. Despite receiving generally favorable assessment of its compliance with 22 CFR 216, the Mission had not established a systematic approach for assessing the possible environmental impact of its individual activities, assuming instead that the required considerations were incorporated in the USAID/Washington mechanisms through which most of its program was implemented. The Mission's FY 1999 Federal Managers Financial Integrity Act Review (Internal Control Assessment) found this to be a weakness in Mission systems, since: 1) a significant portion of the Mission's portfolio is now executed through field mechanisms; and 2) it is not clear that there was ever any consideration of the Armenia-specific environmental impacts of those activities procured through USAID/Washington. The Mission began systematically to review its compliance with 22 CFR 216 with appointment of a Mission Environmental Officer (MEO) in December 1999. In the coming year, USAID/Armenia anticipates several new activity designs, which will require environmental determinations. These could include:

Private Sector Growth (110-013): Agribusiness and other small- and medium-sized enterprise support, Privatization Phase II, Capital Markets Phase II, and Tax.Fiscal/Customs Phase II

Energy (110-015): Legal & regulatory reforms and commercialization in the energy sector project, energy efficiency and demand-side management

Water (110-016): Water management for enhanced environmental quality

Democracy/Governance (110-021): Local Government, NGO/Civil Society, Broadcast Media, Civic Education, Parliamentary Strengthening, Anti-corruption

Social Sectors (110-034): Social sector transition program (contract & grants)

Special Initiatives (110-042): Earthquake Zone support

For the most part, these proposed activities will involve types of assistance (TA and training) which will warrant either a categorical exclusion (CE) or negative determination. The MEO will develop Initial Environmental Examinations (IEEs), covering the overall program under each Mission objective, and submit them to the BEO for approval. The IEEs will propose a negative determination or categorical exclusion for certain types of interventions within the scope of the sectoral IEE, and will specify which types of interventions will require a formal environmental assessment (EA)—to the extent they are known. On a case-by-case basis, the SO team will consult with the MEO (and through him the BEO) for those activities not clearly within one of the two categories established in the sectoral IEEs.

The current on-going MEO review of SO's and related activities, with particular reference to the FY 1999 R4 “Environmental Impact” annex, indicates that all are in compliance with previously approved IEE's, CE's or EA's, although as noted above Mission records are not complete on Washington-managed implementation mechanisms.

Strategic Objective No. 111-013-01: Growth of a Competitive Private Sector

Current Framework

Strategic Objective: Growth of Competitive Private Sector

IR #1: State Owned Holdings Privatized

--preparatory steps for privatization and liquidation of firms completed
--legal/regulatory structures directly related to privatization established

IR #2: Policy, Legal & Institutional Environment Conducive to Private Sector Activity Established

--comprehensive body of policies/laws establishing appropriate public sector functions/regulation related to private sector activity
--establish and/or strengthen implementing entities/functions

IR #3: Access to Financial Capital Increased

--viable, well-regulated capital market
--competitive, well supervised financial sector
--increased credit to targeted (SME & micro) sectors/enterprises

IR #4: Increased Capacity of Private Enterprises in

Selected (Sub) Sectors to Conduct Business

--improved management skills/techniques
--improved technologies adopted
--strengthened business advocacy/associations
--increased capacity of firms to access market

Previous Framework

Strategic Objective: Growth of Competitive Private Sector (previously SO #1.3)

IR #2: Improved Business Climate

--privatization of targeted state-owned enterprises completed
--strengthened business advocacy

IR #1: Improved Business Skills

IR #3: Access to Broader Markets

--market information/research accessible

IR #5: Local economic development stimulated

IR #4: Improved infrastructure

Previous Framework

Strategic Objective:

Investment Increased (previously SO #1.4)

IR #1: Business Laws and Regulations are Equitable and Effectively Administered

--comprehensive body of business law enacted
--establish and/or strengthen targeted implementing agencies

IR #2: Increased access to financial capital

--viable, well-regulated capital market
--competitive, well-supervised banking sector

Summary of Modifications: The substance of the Mission's on-the-ground activities and the consistency of its program with its approved Strategy is not substantively affected by the modification (melding) of the results frameworks outlined above. The Mission's ultimate economic restructuring objective—"growth of the competitive private sector", with an eye towards creating jobs and increasing income--remains unchanged. "Increased investment" has been relegated to the IR level, which the Mission considers more appropriate in terms of results logic. All SO-level indicators included in the revised framework (with some slight clarifications) were also part of the predecessor frameworks. Beyond the melding of SOs, the modifications can be summarized as follows: 1) based on the significant resources USAID has dedicated to the privatization process, its direct contribution to SO indicators, and the fact that its accomplishment/failure is largely independent of that of the other IRs, privatization has

been established as a discrete IR; 2) policy, legal and institutional interventions and results from both predecessor SOs are included in a single IR, reflecting their inter-related nature; 3) firm-level interventions have been unified (except credit) under a single IR; 4) a financial capital IR has been established, to subsume the capital markets and banking sector interventions previously in the Increased Investment SO, as well as USAID's credit programs; 5) improved infrastructure has been eliminated as an IR, due to the fact that it is a result beyond USAID's manageable interests. (The full details of the revised SO, including a complete performance monitoring plan/report, will be provided separately to the Armenia Desk Officer and relevant POT members.)

Rationale for Modifications:

- 1) The split between SOs had no programmatic basis. The Mission's Strategy cited the close interrelationship between the two SOs in support of the overarching Mission goal ("employment opportunities created) and vision (a prosperous and stable Armenia with equal opportunities for all its citizens). The Investment SO (1.4) was defined by the focus of USAID's interventions on "the more indirect enabling environment, which will also stimulate and support private sector growth." In fact, only those few policy/institutional interventions most directly related to the financial sector (e.g., securities markets law, bank supervision) would predominantly impact on an "Investment" SO; and even these interventions ultimately impact on private sector growth. As further evidence of the artificiality of the split between SOs, it is impossible to argue that USAID interventions related to the establishment of transparent and equitable tax/fiscal systems, customs reform and land tenure have a predominant impact on the Investment SO (under which they were previously listed). In fact, they have a more direct impact on the elements of the Private Sector Growth SO (1.3)--for example, on the pace of privatization, the ability of enterprises to conduct business and their access to external markets. Finally, the Mission's efforts to modernize the "enabling environment" was cited in the recent assessment of the Mission's Comprehensive Market Reform Program, as an inherently integrated approach.¹ The unification of the Mission's economic restructuring efforts under a single SO is consistent with this observation.
- 2) The split between SOs is not consistent with the Mission's underlying development hypothesis. The separation of SOs failed to incorporate all the related results of USAID's various interventions into a single, simplified framework. When the current SO team members attempted to clarify the development hypothesis behind our private sector-oriented programs (non-energy), it became clear that the stimulation of private sector investment is of interest because it will lead to private sector growth (defined in terms of production and jobs). In other words, the cause-effect relationship between investment and growth cited in the Mission's Strategy failed to reflect the Mission's ultimate objective (growth) or give any weight to the predominant cause-effect relationship (investment is a necessary precursor to growth, within what would hopefully become a mutually reinforcing cycle).

¹ The CMR includes conversion to International Accounting Standards, Capital Markets Development, Tax/Fiscal Reform, Land Reform and Privatization. These elements are currently split between two SOs.

- 3) The split in SOs is not necessarily consistent with Bureau guidance. The ENI (E&E) Guidance on Strategic Plans states that “a strategic objective is the most ambitious result in a particular program area that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held accountable.” In the strategic area in question, USAID/Armenia’s most ambitious result is private sector growth, of which increased investment is an intermediate (less “ambitious”) result. The Bureau has established a second condition for strategic objectives: that they “should produce a significant change in people’s lives”, which is not entailed in increased investment per se.
- 4) There are precedents to combine SOs, instead of applying strict (perhaps arbitrary) divisions to reflect the various Bureau SOs. E&E strategic objectives are inter-related, by design and nature. However, each mission is left to decide the extent to which its activities/results merit separate SOs under the Bureau framework. Clearly, it would not be practical for any Mission to have 15+ SOs, even in cases—such as ours—where the country program has significant relevance to most, if not all, of the Bureau SOs. In fact, the USAID/Armenia private sector-oriented program has elements that fall under those cited for each of the Bureau’s Strategic Area #1 SOs. It appears that the primary reasons that the Mission’s Strategy included two private sector-oriented SOs were: a) the legacy of activities being labeled as they were developed based on the most closely associated Bureau SO—with some activities listed under 1.1, 1.2, 1.3 and 1.4, but without comprehensively considering the Armenia-specific results-framework logic; b) a decision to eliminate the privatization and fiscal policies/practices SOs (1.1 and 1.2) over the course of several years—even though related activities continued. This led to a simultaneous effort to incorporate the “fall-out” activities and strike a balance of resources and management units under the two remaining SOs. However, staff involved with the strategy development process indicate that this balancing was done arbitrarily, driven primarily by accounting considerations (i.e., a literal attempt to balance the number of activities and funding levels under each SO), rather than by results-framework driven logic. Just as it was previously determined that four non-energy private sector SOs would provide no significant advantages², the Mission has now determined that a melding of the Investment SO into a single Private Sector Growth SO is the most appropriate approach.
- 5) Only a small percentage of USAID’s resources are programmed for those activities that are considered elements of the Bureau’s Financial Sector SO. If those activities that are not directly related to the financial sector (the focus of the Bureau’s SO 1.4) are excluded, funding for “SO 1.4” would represent a very small portion of the resources dedicated to the Mission’s private sector portfolio. Of an estimated \$25

² As further examples of flexibility (perhaps inconsistency) in dealing with this issue, the Mission did not establish a separate Local Government SO—instead viewing its interventions in this area as part of a SO designed to increase citizen’s participation (under the Bureau’s civil society SO). Most recently, the Mission—in consultation with the Bureau—has decided to develop a comprehensive social sectors program/SO, rather than split health and other social sectors to mirror the separate Bureau SOs.

million pipeline for this portfolio, no more than \$4 million is for explicit financial sector activities. Of the \$25 million the Mission has allocated to these SOs in FY 2000, approximately \$2 million is slotted against specific financial sector activities. Likewise, even considering a contingency for possible future capital markets development, the Mission only plans to obligate about \$2 million per year through the end of its strategy period for financial sector activities, out of a total sectoral OYB averaging more than \$20 million annually.

6) There are practical advantages to unifying the SOs:

- a) Given the Mission's relatively small size compared to its resources level and the interrelation of the two SOs in question, management assignments cannot be distinguished along the previous SO lines
- b) As the Agency moves to reporting/accounting by SO, a unified SO structure will provide more flexibility in budgeting/funding actions. Even under current systems, financial processing and accounting will be simpler if projects and procurement instruments are not split artificially along SO lines.
- c) It has been nearly impossible to establish a clear distinction when reporting against the two existing SOs. The Mission's ability to explain its program—especially for external audiences such as the Government of Armenia, Congress, the State Department and the general public—will be significantly enhanced by eliminating the artificial separation between the inter-dependent aspects of USAID's private sector portfolio.

Changes in Reported Indicators:

Last year's R4 included data tables for the following indicators that are not included in this year's document: foreign direct investment, volume of exports, real growth of deposits, gross fixed investment, the Freedom House policy rating, and capital market institutions established and functioning. While the past separation of SOs allowed the Mission to report on 8 indicators, the elimination of these indicators from the current R4 is entirely based on qualitative considerations. (In fact, all but the deposits indicator have been dropped completely from the SO's performance monitoring plan because of measurement and attribution problems.) Increased foreign investment, volume of exports and gross fixed investments were dropped as IR-level indicators because: 1) discernable progress on a nationwide basis is not easily attributable to USAID interventions; and 2) in the process of streamlining the PMP, other indicators were considered more useful (i.e., investment as a share of GDP and production/exports by USAID-assisted firms). The Freedom House Policy Rating was dropped because: 1) over several years, its component parts have varied; and 2) the Euromoney Index of Country Risk is considered both more reliable and of greater relevance to the USAID program. The capital markets indicator was dropped because: 1) it addresses only a narrow portion of the USAID program, and therefore does not merit inclusion as one of four key indicators; and 2) the table actually included "multiple indicators." Within the SO's PMP, progress specifically related to capital markets development is still included in a Legislative/Policy Index for a lower-level IR. While growth of deposits remains in the Mission's PMP, it is considered of

lesser relevance for reporting to Washington than those indicators for which performance data tables are provided (private sector share of GDP and employment, number of enterprises privatized, and the Euromoney Index).

Because USAID will increase its funding for firm-level assistance and since such funding is expected to result in concrete, directly attributable results in the relative short-term, future R4's may report on an indicator for new/increased jobs, production, sales or exports. The Mission is unable at this time to specify which indicator it will report on or establish targets because: 1) implementing agencies of ongoing firm-level technical and financial assistance have not developed consistent methodologies for providing such data; and 2) USAID's major interventions in this area are in the procurement/pre-design phases, so it is difficult to estimate the scope of impact at this time. The Mission has also begun to track progress in the area of privatization based on actions taken on "key" enterprises (those that have more potential to attract investors). It may make sense in the future to report against this more targeted indicator, as opposed to the universe of state-owned enterprises—many of which are of little interest to the private sector. (The preliminary annual targets for the number of key enterprises privatized are 5, 8, 10 and 15 for the years 2000-2003.)

Strategic Objective No. 111-015-01: A More Economically and Environmentally Sustainable Energy Sector

Current Framework

Strategic Objective: A More Economically and Environmentally Sustainable Energy Sector

IR1: Increased Private Sector Participation

--restructured energy sector
--independent and effective regulatory commission
--legislation promotes private sector participation

IR #2: Increased Economic and Environmental Efficiency

--market-driven tariff in place
--strengthened commercial operation
--energy efficiency/savings and demand-side management projects realized
--legislation/policies in place to promote a more environmentally sound sector

IR #3: More Diversified Energy Sources

--selected public/private energy projects, including to replace the ANPP, realized
--increased regional energy sector cooperation and trade

Previous Framework

Strategic Objective: A More Economically Sustainable and Environmentally Sound Energy Sector

IR1: Increased Private Investment

--no change
--no change
--no change

IR #2: Increased Efficiency

--no change
--no change

IR #3: Replacement Power Projects developed to Allow for Closure of the ANPP

--public/private financing for selected energy projects

Summary/Rationale of Modifications: This results framework remains very similar to that included in the Mission’s Strategy. There are, however, several refinements that reflect the Mission’s greater clarity as to the intermediate results necessary to accomplish this SO and a closer linkage of those results to the Mission’s ongoing and planned interventions. Specifically, the changes are:

--A wording change of IR #1 to emphasize private sector “participation”, which is broader than just investment (e.g., it could include operation of facilities by private firms).

--The clarification in IR #2 that the Mission is interested in both economic and environmental efficiency, consistent with current plans to initiate activities that would address both aspects of the issue.

--Addition of lower-level IRs under IR #2, to reflect the Mission’s plans to support demand-side management and legislative/policy actions related to energy efficiency.

--Refinement of IR #3 to reflect the fact that USAID is promoting diversification of energy sources for a range of economic and environmental reasons, with the closure of ANPP as an important but not solitary motivation.

--The lower-level IR related to the development of replacement energy projects was also changed to reflect a broader rationale than just ANPP closure. It also was revised so that execution of projects, not the provision of non-USAID funding, is the desired result. This change was driven by the difficulty that would be caused in attributing such financing directly to USAID’s work and the fact that it may not happen in the SO time frame.

--A lower-level IR was added to capture USAID’s efforts to promote regional energy trade, which has great potential for diversifying Armenia’s energy sources.

Changes in Reported Indicators:

This R4 does not include a performance data table for the “establishment of a regulatory commission...”, which was reported in last year’s R4. This indicator was for a lower-level IR and did not lend itself easily to tabular presentation (in fact, the data table was for “multiple indicators”—at least 8). Instead, the collections and cost recovery indicators included in this R4 reflect performance related to energy sector efficiency—including the Regulatory Commission’s success/failure. The previous indicator itself has been dropped from the Mission’s PMP in favor of a limited number of uni-dimensional indicators (cost-based tariffs in place, diversified budgetary sources, number of licenses issued). Finally, the performance data table related to privatization is now limited to the transfer of distribution companies (dropping generation and transmission companies)—both to reflect the focus of USAID’s assistance and to comply with Agency guidance to avoid “multiple indicator” tables.

In future years, the Mission may report on the diversification of Armenia’s energy sources. While one aspect of this indicator may be reduced reliance on the ANPP (which now meets 40% of Armenia’s energy demand), the exact indicator/targets are not known at this time due to the

lack of any viable GOA strategy for ANPP closure and the fact that the Mission is just now beginning to focus on diversification options related to alternate sources and regional trade. The Mission may also re-introduce reporting on the privatization of generation and transmission enterprises, as the process related to distribution companies is completed.

Strategic Objective No. 111-021-00: More Transparent, Accountable and Responsive Democratic Governance

Current Framework

Strategic Objective: More Transparent, Accountable and Responsive Democratic Governance

IR #1: Increased Citizen Participation in Policy Development and Oversight of Government
--citizens understand and act on their rights and responsibilities
--more developed and broad-based NGOs

IR #2: Availability of Multiple Sources of Information and Analysis
--strengthened independent media
--improved dissemination of government information
--more developed and broad-based NGOs

IR #3: More Responsive and Effective Local Government
--more effective and transparent management systems
--local government is more accessible to citizens
--legal framework supports decentralization

IR #4: More Responsive and Effective Parliament
--more effective internal management systems
--increased citizen access to the legislative process

IR #5: Transparent, dependable and effective legal system
--legal and regulatory framework supports the rule of law
--courts are run efficiently and transparently
--legal professionals are held to high ethical and professional standards
--court executors service runs efficiently

Previous Framework

Strategic Objective: Increased Citizen Participation in Political, Economic and Social Decision-making Process (previously SO #2.1)

IR #1: Strengthened Political Process
--political parties are more transparent and participatory
--improved election process

IR #2: Increased Citizen Advocacy
--strengthened NGOs

IR #3: Enhanced Circulation of Information
--strengthened independent media
--improved civic education

IR #4: Increased Government Accountability and Responsiveness to Citizens
--more effective and transparent management systems
--government is more accessible

Previous Framework

Strategic Objective: Laws are Enforced and Adjudicated Impartially (previously SO #2.2)

IR #1: Regulatory Agencies Administer Laws Impartially

IR #2: The Judicial System Effectively Applies the Law
--judges are well trained
--courts are run independently, efficiently, and transparently
--the advocates sector effectively represents the interests of clients

IR #3: The Judicial Branch is Independent of Other Branches of Government

IR #4: Court Orders are Enforced

Summary of Modifications: As part of the annual review process, the Mission's democracy and governance team reviewed the results frameworks for SO 2.1 (Increased Citizen Participation in Political, Economic and Social Decision-Making Process) and 2.2 (Laws are Enforced and Adjudicated Impartially). Based on this review, it became apparent that we are not only interested in increasing citizen participation or strengthening the legal sector, but that we are interested in a higher level objective - developing a democratic governing system, which is transparent, accountable and responsive to its citizens. Both of the original objectives are necessary to achieving this higher level objective, but not enough by themselves. As part of the merging of the two strategic objectives into one, the following modifications were made to the framework:

- 1) Increased citizen advocacy was broadened to include not only the development of the NGO sector, but also to support civic education for both adults and students and to promote individual citizen participation and activism.
- 2) The political process intermediate result (IR) has been eliminated. Any election related activities that the Mission decides to undertake will be incorporated under the sub IR 'citizens understand and act upon their rights and responsibilities' to reflect that the Mission believes changes in the electoral and political process in Armenia are going to have to come from citizen activism.
- 3) Enhanced circulation of information was modified so that it includes not only development of independent media, but also the dissemination of information to and from government. This new IR also recognizes the important role NGOs play in providing information both to the public and to government.
- 4) Government accountability was split into two IRs because the Mission intends to work both on local government development and parliamentary strengthening. Because these two branches of government have such different functions and needs, the Mission felt that the IRs need to be distinct to allow for tracking of different indicators and results. The sub-IRs for the parliamentary strengthening program are illustrative at this time and will be developed after the Mission's assessment of needs and opportunities. (At the current time, the Mission has decided not to establish a separate IR for the national government, though it might be added if the Mission decides to pursue activities at this level – such as civil service reform).
- 5) Strategic Objective 2.2 was moved to the IR level to better reflect the narrow focus of the result and its impact on the higher level objective. The modifications to the language of the IR and sub-IRs are not-substantive and do not change the Mission's programming, but are for clarification and simplicity.
- 6) There is no longer an IR for work with regulatory agencies. The only activity being implemented under this IR was work on the administrative code. This activity is incorporated into the new IR – the legal and regulatory framework supports the rule of law. This IR better expresses the Mission's expected results and incorporates other expected legislative changes, such as a constitutional amendment on judicial independence. The Mission's activities in support of regulatory agencies is directly related to commercial law and is covered under SO 1.3.

Justification for the Modifications:

- 1) Objectives too narrowly defined: The original Strategic Objective 2.1 addressed only citizen participation in decision making, but ultimately, the rationale for increasing citizen involvement, is to ensure democratic governance. Citizens play an important role in this, but they are not the only factor. Government institutions must also be reformed. In the original framework government efficiency and transparency is only addressed through one IR to strengthen the local government program. In the new framework, not only is there room for working with other government institutions, such as parliament and eventually national government, but other functions of government are also incorporated, such as government's role in educating and informing citizens about reforms, government activities, policies and procedures.
- 2) Reforms in the judicial system were given too much weight: USAID guidance suggests that strategic objectives should reflect "the most ambitious result in a particular program area that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held accountable". The Mission's Strategic Objective 2.2 – laws are enforced and adjudicated impartially - was not an objective whose achievement was within USAID's manageable interests. USAID had no plans to work directly with any of the law enforcement agencies such as the police or the prosecutor's office. The Mission's activities with regulatory agencies in the commercial law sector is part of SO 1.3. The Mission's interest is in adjudication of the law and in ensuring that citizens have access to an independent, effective and dependable legal system. This objective, however, is not ambitious enough to warrant Strategic Objective status. The Mission's allocation of less than 3% of the FY 2000 budget to achievement of this objective confirms that it never had the same level of resources as other Strategic Objectives. It is, more appropriately, a lower level result needed to achieve the higher level objective - More Transparent, Accountable and Responsive Democratic Governance.
- 3) Ensure cohesion amongst activities: The activities of strategic objectives 2.1 and 2.2 were highly interrelated. Recognizing the higher level objective helps the team to understand the relationships between activities and ensure that during implementation, the Mission and its partners work toward the same goals and objectives.
- 4) More efficient Mission management: Prior to the merging of the SOs, the Mission had only one Strategic Objective team managing both SOs. This was a more efficient arrangement not only because the activities are interrelated, but also because the staff managing them are the same and differentiating teams would result in double the bureaucracy. Having only one SO will make management that much simpler. As the Agency moves to accounting by SO, a unified SO structure will also provide more flexibility in budgeting/funding actions.

CHANGES IN REPORTED INDICATORS:

The Mission is tracking a series of indicators at each SO, IR and sub-IR level. A complete Mission Performance Monitoring Plan will be shared with USAID/Washington in the near future. In the 2003 R4, the Mission expects that the following four indicators will be most appropriate for reporting progress.

1. Percentage of citizens who feel that government is hearing and acting upon their concerns (also reported in this year's R4).

2. Improved average score on the NGO Sustainability Index. This replaces the NGO Advocacy score, which was reported last year. The Mission believes that the overall score is a better indicator of the Mission's strategy to strengthen the NGO sector generally in the immediate future, so that by the end of the Strategy period, it can effectively serve as an advocate of its constituencies.
3. Overall effectiveness of independent broadcast media. This will be measured from the composite score on a media efficiency index, measuring news quality and integrity, quantity and availability of independent broadcast media, the variety of information sources that support media, and the commercial viability of media.
4. Judicial code of ethics adopted. This is a critical step to ensuring the integrity of the judicial system. Adoption is expected in 2000. Achievement of higher level indicators is expected in the later years of the Strategy period.

1: Definition: Percentage of citizens who agree to the statement: The local self-governing body is very interested in and pays attention to what people like me think.

Baseline: 26.5% (1999)

Year	2000	2001	2002
Targets:	28%	32%	35%

2: Definition: Overall score on USAID's NGO Sustainability Index, measuring the legal environment, organizational capacity, financial viability, advocacy and public image.

Baseline: 5.5 (1998)

Year	2000	2001	2002
Targets:	5.0	4.8	4.5

3. Definition: Overall score on the Media Efficiency Index, measuring news quality and integrity, quantity and availability of independent broadcast media, the variety of information sources that support media, and the commercial viability of media.

Baseline: 44 (1999)

	2000	2001	2002
Targets:	49	55	63

4. Definition: A code of professional ethics for judges, requiring impartiality and independence, is made mandatory.

Baseline: No (1998)

	2000	2001	2002
Targets:	Yes	NA	NA

The Mission does not expect to report on the following indicators in the 2003 (next) R4:

1. Percentage of citizens who feel elections are democratic. Although the Mission will still be collecting information on this indicator in our annual survey, because no national elections are currently scheduled for 2000 or 2001, it is not a valid indicator for the immediate future. This indicator is not useful in reflecting general trends over time, and therefore does not mean inclusion as one of four reportable indicators for the SO. If elections are held the opinion of citizens can be cited in the R4 text.

2. Improved NGO Advocacy score. The Mission will continue to track this indicator, but for the immediate future, will report on the over NGO Sustainability score instead as a more appropriate indicator of the progress of our activities.
3. Public confidence the legal system. Again, the Mission will continue to track this information in the annual survey, but progress at this level is not expected until the later year's of the Strategy period.
4. Constitutional amendment for judicial independence. Due to recent political upheaval, progress toward passage of this amendment is not expected until 2001.
5. Independent judicial disciplinary body. Before a disciplinary body can be effective, there must be an ethics code. Therefore, the indicator on passage of a mandatory ethics code is the more relevant indicator for the immediate future.

Strategic Objective No. 111-034-00: Mitigation of the Adverse Social Impacts of the Transition

Current Framework

Strategic Objective: Mitigation of the Adverse Social Impacts of the Transition

IR #1: Foundations Established for Implementing Sustainable Social and Health Insurance Systems

- legal and policy reforms enacted which promote sustainable social and health insurance systems
- information systems in place for management of social and health insurance systems
- increased government capacity for administering social and health insurance systems
- citizens better informed about social and health insurance systems

IR #2: Increased Access to and Quality of Social Services and Primary Health Care in Selected Regions

IR #2.1: Improved Mobilization, Allocation and Use of Social Assistance and Health Care Resources

- legislative and policy reforms enacted and implemented which promote community-based primary health care and effective social assistance programs
- improved targeting of benefits and services
- citizens better informed about their health care and social assistance rights and obligations
- increased government capacity to plan for, monitor, and evaluate health and social assistance services

IR #2.2: Social and Health Services are Effectively Provided to the Vulnerable in Selected Regions

- improved delivery of government health services
- increased provision of social and health care services by NGOs
- establishment of a network of service providers and referral system

IR #3: Short-term Employment or Income Generating Opportunities Available in Selected Regions

Previous Framework

Strategic Objective: Strengthened Social Safety Net (previously SO #3.2)

IR #1: Improved Social Protection Systems

IR #1.1: Social Insurance Systems Defined

IR #1.2: Improved Protection Services for the Most Vulnerable

IR #2: Regional Health Care Systems Piloted

- Improved health care delivery systems defined

Summary of Modifications: The Mission's new framework is consistent with its approved Strategy despite the significant modifications reflected above. The new framework developed from the design of the activities to support achievement of results under the old framework. As the Mission developed a concept paper for the sector and clarified its objectives, a need for more detailed and substantive results emerged. The new framework is still based on the three basic components of the original framework: 1) developing the foundations for sustainable social insurance systems; 2) improving the provision of social assistance to the most vulnerable; and 3) reforming the health care system with an emphasis on development of primary health care. The new framework also includes an additional component, that of providing short-term employment and income generating opportunities for the most vulnerable. This complements the provision of social assistance, but gives the vulnerable an opportunity to provide for themselves, while providing the community with needed infrastructure development.

Justification for the Modifications:

- 1) Lower-level results are defined: The new framework clearly defines the lower level results needed to achieve the higher objectives. For example, under both frameworks, the Mission's intention is to work with the Government of Armenia on the design and development of social and health insurance systems. The old framework does not illustrate what is needed to get to that point. It stated simply that systems would be defined. The new framework, on the other hand, includes the lower level results needed to achieve this objective, such as: legislative and policy changes which promote new insurance schemes; information systems to track individual's payments into and out of the systems; civil servants who are capable of maintaining the systems; and citizens who understand the changes to the systems and have had an opportunity to inform those changes.
- 2) Improved performance monitoring: The additional level of detail will make it easier for the Mission to manage achievement of results. The old framework included only the highest level of results, achievement of which was not expected for another 3-5 years, making it difficult to track progress from year to year. Because the new framework includes detailed lower level results, it will be easier to track progress on an annual basis. If problems arise, it will be easier to see exactly where the constraints are and how to address them.

Changes in Reported Indicators:

Because procurement of the main activities for achievement of this Strategic Objective is currently underway, the indicators developed are only illustrative. The Mission does have a complete performance monitoring plan which it will share with USAID/Washington in the near future. However, this plan will be modified and finalized in conjunction with our future implementing partners. Preliminarily, in the 2003 (next) R4, the Mission expects that the following two indicators will be appropriate for reporting progress. Others will be added after the performance monitoring plan is finalized.

- 1: Adequacy of the family benefits package (also reported in this year's R4). The Mission will continue to report on this indicator. However, significant progress in the first year is not anticipated.

2: Key elements of legislation adopted and enacted. The Mission expects that our interventions will lead to the passage of legislation related to social and health insurance systems in the near future.

1: Definition: The ratio of the government family benefit, for a one-person household, compared to the minimum food basket.

Baseline: 21% (1999)

Year	2000	2001	2002
Targets:	25%	30%	35%

2: Definition: Key elements of social and health insurance legislation adopted and enacted.

Year	2000	2001	2002
Targets:	TBD	TBD	TBD

The Mission does not expect to report on following indicators in the 2003 R4:

1. Percentage of people living below the poverty line. Although the Mission will continue to collect this data, significant changes are not expected at this level in the near future. This indicator tracks progress at the SO level and reflects on many factors beyond USAID's control, such as the overall economy of the country.
2. Percentage of GOA budget allocated to social safety net expenditures. The Mission will no longer be collecting or reporting this data. It is not a good indicator of progress as the Mission's goal is not to increase GOA expenditures, but rather to ensure that those expenditures are well targeted and used more efficiently.
3. Network of health facilities, including primary health care services and referrals, systematically operating in two pilot regions. This indicator was developed before the Mission's program was designed. It is not clearly defined enough to properly measure progress in this area. It has been substituted with other indicators of progress in primary health care reform, which will be selected for reporting once procurement has been finalized.

4. Special Objective No. 111-016-01: More Sustainable Water Management for Enhanced Environmental Quality

In accordance with guidelines established in the ADS and in support of the E&E Bureau's Strategic Objective to increase environmental management capacity to support sustainable economic growth, the Mission proposes to establish a three-year, \$3.5 million Water Management Special Objective.³ ADS 201.5.10c establishes that "under exceptional circumstances, a mission or office may include activities in its portfolio which could not be associated with existing operating unit objectives, but which produce results to support other U.S. government assistance objectives." The ADS cites several conditions that justify a "special objective," including "an exploratory/experimental activity in a new program area which merits further exploration or which responds to new developments in the country, region, or sector." Activities are expected to be small in scope relative to the portfolio as a whole.

As outlined in the relevant section of the R4 text, the Water Management SpO will be an exploratory effort by the Mission, under which discrete, limited-scope (in time, resources and focus) activities will complement ongoing Strategic Objectives and support broader USG interests in Armenia and the region. Results will be achieved in a 2- to 3-year timeframe and the overall SpO cost is estimated at \$3.5 million (out of a projected three-year Mission budget of approximately \$200 million). A detailed performance monitoring plan, to include indicator baselines and targets, will be developed after approval of this Special Objective and development of implementation mechanisms.

Intermediate Result #1: National Policy and Institutional Framework for Water Management Improved

Intermediate Result #2: Water Quality and Quantity Monitoring Systems Rehabilitated

Intermediate Result #3: Local-Level Capacity Increased to Develop and Implement Market-Based Solutions to Water Management Problems (in selected pilot areas)

SpO Indicators

- # of key integrated water management institutions established/improved
- specific water quality and/or quantity indicators (e.g. suspended solids reduced; salinity reduced; etc.) improved at selected locations

IR#1 Indicators

- # of key identified water laws/regulations adopted
- water effluent norms adopted/revised
- # of regulatory opportunities for water pricing or other economic instruments developed
- # of public support networks for integrated water management established or supported

IR#2 Indicators

³ The Documentation included in this R4 meets the ADS requirement that the operating unit present for regional bureau approval the special objective's time frame, expected results and an estimated budget.

- share of re-established water monitoring network stations reporting
- # of data indicators on quantity/quality of surface/water collected, stored and used

IR#3 Indicators

- # of projects implemented
- # of partnerships created
- # of people with access to water of improved quality

USAID/ARMENIA

Activities and Achievements According to Each Climate Change Indicator

USAID/Armenia's current energy portfolio contains activities mainly directed at energy sector restructuring and reform and there are no programs specifically targeted at GCC/GHG reduction. Nevertheless, the numerous activities targeted at improvement of commercial and technical operations of the energy sector have an indirect impact on the GCC initiative. Below is the list of activities and achievements by each climate change indicator:

Indicator 1: Emissions of Carbon Dioxide Equivalents Avoided, due to USAID Assistance:

Energy Service Companies (ESCO) Development Program: The objectives of the activity are demonstrating a cost-effective, energy efficient alternative to heating municipal buildings with electricity or kerosene. Heating with natural gas fired boilers is both more economically sustainable and environmentally sound than the reliance on electricity for heating. Four schools have been selected for demonstration heating systems/weatherization work, which includes installing new energy-efficient boilers, upgrade of existing heating water distribution systems, and weatherization of the buildings to reduce air infiltration. The installation work was competitively bid amongst the local ESCOs that have been formed as a result of previous USAID efforts. The ESCOs were provided with training in energy efficiency financing and project management prior to beginning the installation work. The weatherization work at all schools was completed, as planned and boiler installation started. No data are available yet on the MWH saved or CO₂ emissions avoided due to the project.

Indicator 3: National/Sub-National Policy Advances in the Energy Sector, Industry and Urban Areas that Contribute to the Avoidance of Greenhouse Emissions:

Demand Side Management (DSM): A DSM screening tool was developed that evaluates specific possible measures for their technical and cost-effectiveness in the Armenian environment. The model uses Armenian data and information and can be used to screen DSM measures for various users during program design and before implementation. This allows a number of alternative energy efficiency measures to be investigated for cost-effectiveness and technical feasibility prior to actual program implementation. Additionally, a financing proposal to identify ways in which energy efficiency could be successfully promoted in Armenia was developed.

Hydropower Rehabilitation: An analysis of the rehabilitation needs of one of the most important Armenian hydropower cascades, the Vorotan Cascade, was prepared, which included a thorough technical survey of all construction works and equipment; tender documents and project financial structure designed to attract investment into this project were prepared.

Power Sector Reform: Assistance was provided to the GOA in the tender process to seek a strategic investor for privatization of the distribution companies. A draft grid code (i.e., a set of operational standards and market rules) to govern the operation of the power sector was developed and presented through a series of seminars, presentations and in-depth discussions with counterparts.

Geothermal Resource Assessment: A thorough study of geothermal resources was conducted and it was concluded that there was little commercial potential for use of the geothermal resource, due to low temperatures and low flow rates.

Strengthening Regional Energy Linkages: This activity is designed to promote greater cooperation in the energy sector of the Caucasus countries. The project's primary objective is to develop better awareness among the governments and utilities within each nation about the benefits that can be achieved through closer cooperation in the energy field, and the steps to be taken to gain these benefits. Interconnection of the Caucasus countries' power systems will significantly improve commercial operation of the system and reduce the level of thermal power plants' generated electricity.

Least Cost Generation Plan (LCGP): The LCGP prepared by the Government of Armenia was reviewed, critiquing its techniques and assumptions. Data are being collected on O&M and generation rehabilitation costs, which will be used to enhance current dispatch model specification.

Indicator 4: Strategies/Audits that Contribute to the Avoidance of Greenhouse Gas Emissions
N/A

Indicator 5: Value of Public and Private Investment Leveraged by USAID for Activities that Reduce Greenhouse Gas Emissions

Gyumush Rehabilitation Project: USAID provided a grant to the World Bank in 1995 to assist in rehabilitation of the Gyumush HPP. The money, along with a greater amount of funds to be provided by the World Bank and GOA, is to be used to refurbish Units 2&3, which were damaged in a landslide.

Indicator 6a: Increased Capacity to Address Global Climate Change Issues
No activities were implemented in this area during FY99

Indicator 6b: Technical Capacity Strengthened through Workshops, Research, and/or Training Activities

Throughout FY99 technical assistance was provided in the form of evaluations, assessments and training programs designed to facilitate competitive energy markets and market-based energy prices, the use of renewable hydro resources, and several local energy services companies were established and trained to implement weatherization works. A series of energy management training courses were conducted for energy sector specialists. To improve the commercial operations of the entities of the Armenian power sector, assistance in implementing new accounting practices in the six chosen energy enterprises was provided. In an effort to help strengthen its institutional capacity, serious support was provided to the Armenian Energy Regulatory Commission (AERC) in developing its internal rules and procedures. Assistance was provided to help the AERC license most of the power sector enterprises. In the area of legal reform amendments to the Energy Law were drafted and presented to counterparts.

Planned New Initiatives

Mission is now in the process of developing new activities. The following are the activities planned to implement during FY00.

Demand Side Management/ESCO Development Project: This will be an expansion of previous activities in the area of DSM and energy efficiency. Pilot projects in weatherization and heating system rehabilitation are anticipated to be implemented under the program.

Wind Energy Resource Assessment of Armenia: This project will evaluate the wind energy potential in Armenia, develop a wind energy atlas of Armenia, and lay the groundwork for determining the economic viability of potential wind energy projects.

Continued support will be given to the Government of Armenia in privatization of energy sector entities.

(The required GCC tables are Excel worksheets in a separate folder named Country02R2b_data; the file must be opened and printed separately.)

FY99 Climate Change Reporting Guidance - Data Tables

Please fill in the YELLOW cells to complete the table.

Table 1 - Background Information	
Country, Region, Office, or Program Reporting:	Armenia, E&E, Economic Restructuring and Energy Office
Name of person(s) completing tables:	Nune Mkrtchyan
GCC Contact 1:	
SO Team (including SO number):	SO 1.5 A More Economically Sustainable and Environmentally Sound Energy Sector
GCC Contact 2:	Michael Boyd
SO Team (including SO number):	SO 1.5 A More Economically Sustainable and Environmentally Sound Energy Sector
GCC Contact 3:	Barry Primm
SO Team (including SO number):	SO 1.5 A More Economically Sustainable and Environmentally Sound Energy Sector
Contact Information (USG mail)	USAID/Armenia, 18 Bagramian, Yerevan, Armenia
Address (1):	
Address (2):	
Street:	18 Bagramian, Yerevan
City, Address Codes:	375019 Yerevan
Telephone number:	374 2 - 151 - 955
Fax number:	374 2 151 - 131
Email address:	nmkrtchyan@usaid.gov
Other relevant information:	

Please fill in the YELLOW cells to complete the table.

TABLE 2						
Result 1: Increased Participation in the UNFCCC						
Indicator 1: Policy Development Supporting the Framework Convention on Climate Change						
Policy Measure	PLEASE SEE BELOW for DEFINITIONS necessary to complete this table.					
	STEP 1: Policy Preparation and Presentation	STEP 2: Policy Adoption	STEP 3: Implementation and Enforcement	List Activities Contributing to Each Policy Category	SO Number for Activity	CNTN Number for Activity
Ex: Integration of climate change into national strategic, energy, and sustainable development strategies	1	1		Gov't-established interagency group has completed all necessary analysis and preparation to develop NEAP. The government has also signed Annex b of the FCCC.	3.2	CN-23-222
Integration of climate change into national strategic, energy, and sustainable development strategies	0	0	0			
Emissions inventory	0	0	0			
Mitigation analysis	0	0	0			
Vulnerability and adaptation analysis	0	0	0			
National Climate Change Action Plan	0	0	0			
Procedures for receiving, evaluating, and approving joint implementation (JI) proposals	0	0	0			
Procedures for monitoring and verifying greenhouse gas emissions	0	0	0			
Growth baselines for pegging greenhouse gas emissions to economic growth	0	0	0			
Legally binding emission reduction targets and timetables	0	0	0			
Other (describe)						
Other						
Other						
Other						
Other						
Sub-total (number of policy steps achieved):	0	0	0			
TOTAL (number of policy steps achieved):			0			

Definitions: Policy Steps Achieved	
Policy Measure	"Policy measures" may include documentation demonstrating a legal, regulatory, or other governmental commitment to a defined course of action. Thus, for example, "policy measures" would include: a national, state, provincial, or local law; a regulation or decree; guidance issued by an agency, ministry, or sub-national body; a land use plan; a National Environmental Action Plan; a Climate Change Action Plan; or a National Communication to the IPCC. The term "policy measures" does not include technical documentation, such as technical reports or land use maps, nor site-specific activities reported under Indicators 1 and 2 (e.g., legal demarcation of individual site or granting of community access to single location).
Policy Preparation and Presentation (Step 1)	Draft bill, policy or regulation, vetted through relevant stakeholders in government, non-government, the private sector and civil society and introduced for debate in appropriate legislative, regulatory, or governmental body.
Policy Adoption (Step 2)	Policy intervention is approved and adopted by the appropriate administrative agency or legislative body. Can take the form of the vote on a law; the issuance of a decree, etc.
Policy Implementation and Enforcement (Step 3)	Actions that put the policy interventions into effect, such as agency personnel trained in procedures, appropriate institutions created or strengthened, or legislation implemented through the appropriate government agency.
Definitions: Types of Activities	
Adaptation	Adjustments in practices, processes or structures of systems to projected or actual changes of climate (may be spontaneous or planned).
Emissions inventory	Detailed listing of GHG sources and sinks.
Growth Baselines	An approach that would link countries' emissions targets to improvements in energy efficiency.
Joint Implementation (JI)	The process by which industrialized countries can meet a portion of their emissions reduction obligations by receiving credits for investing in GHG reductions in developing countries.
Mitigation	An action that prevents or slows the increase of greenhouse gases (GHGs) by reducing emissions from sources and sinks.
National Climate Change Action Plan	Plans that delineate specific mitigation and adaptation measures that countries will implement and integrate into their ongoing programs. These plans form the basis for the national communications that countries submit to the UNFCCC Secretariat.

Please fill in the YELLOW cells to complete the table.

TABLE 3					
Result 1: Increased Participation in the UNFCCC					
Indicator 2: Increased capacity to meet requirements of the UNFCCC					
Categories	Types of Support Provided (mark with an "X" for each category)		List the Activities that Contribute to Each Capacity Building Category	SO Number for Activity	CN/TN Number for Activity
	Training	Technical Assistance			
Ex: Support for joint implementation activities	1	1	Provided training and assistance in the economic and financial evaluation of energy efficient projects for consideration in JI activities.	2.4	CN-23-222
Monitoring and verifying GHG emissions	N/A	N/A			
Growth baselines for pegging GHG emissions to economic growth					
Development of emissions reduction targets and timetables					
Support for joint implementation activities					
Other (describe)					
Other					
Other					
Other					
Other					
Total number of points for Training/Technical Assistance:	0	0			

Please fill in the YELLOW cells to complete the table.

TABLE 4												
Result 2: Reduced Net Greenhouse Gas Emissions from the Land Use/Forest Management Sector												
Indicator 1: Area where USAID has initiated interventions to maintain or increase carbon stocks or reduce their rate of loss												
Indicator 2: Area where USAID has achieved on-the-ground impacts to preserve, increase, or reduce the rate of loss of carbon stocks												
PLEASE SEE BELOW for CODES and DEFINITIONS necessary to complete this table.	Location			The Site and USAID's Involvement						Additional information you may have (see codes below)	SO Number for Activity	CN/TN Number for Activity
				Principal Activities (see codes below)	Indicator 1	Area where USAID has conserved carbon (hectares)						
	Area where USAID has initiated activities (hectares)	Predominant vegetation type (see codes below)	Indicator 2			Indicator 2b Managed lands						
			Natural ecosystems				Predominant managed land type (see codes below)					
USAID Activity Name	Country	Region, Province, or State	Site									
Ex: Tapajos National Forest Project	Brazil	Para	Tapajos National Forest	1	595,000	A	595,000			1, 2, 3, 5	1	CN-23-222
				2	5,000	A		3				
									400			
Justification for including site:				Site of Tapajos project was included on the basis of demonstrated progress in forest conservation and resulting carbon sequestration benefits.								
1.			N/A									
Justification for including site:												
2.												
Justification for including site:												
3.												
Justification for including site:												
4.												
Justification for including site:												
5.												
Justification for including site:												
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Justification for including site:												

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Justification for including site:																	
13.																	
Justification for including site:																	
14.																	
Justification for including site:																	
15.																	
Justification for including site:																	
Total area (hectares):				0		Total area:				0		Total area:				0	
<p>Note: If you need to list more than 15 activities in this table, please create a second copy of this spreadsheet, following the instructions at bottom.</p>																	

Codes for Land Use and Forestry Sector Indicators									
Principal Activities:		Predominant Vegetation Type:				Predominant Managed Land Type:		Codes for Additional Information:	
1	Conservation of natural ecosystems (may include protected area management, extraction of non-timber products, etc. but <i>not</i> timber harvesting.)	A	Tropical evergreen forest	H	Tropical grassland and pasture	1	Agricultural systems: Less than 15% of the area under trees	1	Maps
2	Sustainable forest management for timber using reduced-impact harvesting (non-timber forest products may also be harvested)	B	Tropical seasonal forest	I	Temperate grassland and pasture	2	Agroforestry systems: Greater than 15% of the area under trees	2	Geo-referenced site coord-inates
3	Afforestation/reforestation/plantation forests	C	Temperate evergreen forest	J	Tundra and alpine meadow	3	Plantation Forests: At least 80% of the area under planted trees	3	Biomass inventory
4	Agroforestry	D	Temperate deciduous forest	K	Desert scrub	4	Protected areas	4	Rainfall data
5	Sustainable agriculture	E	Boreal forest	L	Swamp and marsh			5	Soil type data
		F	Temperate woodland	M	Coastal mangrove				
		G	Tropical open forest / woodland	N	Wetlands				

Definitions: Natural Ecosystems	
Natural Ecosystems	Any areas that have not experienced serious degradation or exploitation of biomass, and without significant harvest of biomass. This includes protected areas, areas used for the extraction of non-timber forest products, and community-managed forests with minimal timber extraction. Areas where non-timber forest products are harvested can be counted in this category but not those that are managed for timber. The latter are included in 2b below. The distinction is important as different approaches are employed in estimating carbon for "natural areas" (2a) and "managed areas" (2b). Natural areas include: (1) protected areas; (2) areas where non-timber forest products are extracted if significant biomass is not removed (often managed as community-based forest management areas); and (3) any other areas which exclude larger-scale biomass harvest from a management regime including many areas managed by communities and/or indigenous groups.
Definitions: Managed Lands Categories	
Sustainable Forest Management for Timber, using Reduced Impact Harvesting (RIH)	<p>A timber management activity will be considered to have a positive impact on carbon (relative to conventional methods) if it employs RIH practices and/or other key criteria. RIH is a package of practices proven to minimize environmental damage and carbon emissions during the logging of natural tropical forest. To be included, an activity must include most of the following practices:</p> <ul style="list-style-type: none"> - tree inventorying, marking and mapping; - careful planning and marking of skidder trails; - vine cutting prior to harvest, where appropriate; - directional felling of trees; - appropriate skidding techniques that employ winching and best available equipment (rubber tired skidder/animal - proper road and log deck construction; - a trained work force and implementation of proper safety practices; - fire mitigation techniques (fire breaks); - existence of a long-term management plan. <p>Report on the area where government, industry or community organizations are carrying out forest management for commercial timber using the techniques above, or forest management areas that have been "certified" as environmentally sound by a recognized independent party. Only the area where sound planning and harvesting is being currently practiced should be included (not the whole concession or forest).</p>
Agroforestry	Agroforestry covers a wide variety of land-use systems combining tree, crop and/or animals on the same land. Two characteristics distinguish agroforestry from other land uses: 1) it involves the deliberate growing of woody perennial on the same unit of land as agricultural crops and/or animals either spatially or sequentially, and 2) there is significant interaction between woody and non-woody components, either ecological or economical. To be counted, at least 15 percent of the system must be trees or woody perennials grown for a specific function (shade, fuel, fodder, windbreak). -- Include the area of land under an agroforestry system in which a positive carbon benefit is apparent (i.e., through the increase in biomass, litter or soil organic matter). Do not include agroforestry systems being established on forestlands that were deforested since 1990.

Reforestation/ Afforestation	The act of planting trees on deforested or degraded land previously under forest (reforestation) or on land that has not previously been under forest according to historical records (afforestation). This would include reforestation on slopes for watershed protection; mangrove reforestation or reforestation to protect coastal areas; commercial plantations and community tree planting on a significant scale, and/or the introduction of trees in non-forested areas for ecological or economic purposes. -- Include the area under reforestation or afforestation (i.e., plantation forests and/or community woodlots). Do not include natural forested areas that have been recently deforested for the purpose of planting trees. Do not include tree planting in agroforestry systems (include this under agroforestry).
Sustainable Agriculture	Agricultural systems that increase or maintain carbon in their soil and biomass through time by employing certain proven <ul style="list-style-type: none"> - no-tillage or reduced tillage - erosion control/soil conservation techniques, especially on hillsides - perennial crops in the system - higher crop yields through better nitrogen and soil management - long-term rotations with legumes - the use of organic mulches, crop residues and other organic inputs into the soil - better management of agrochemicals, by stressing careful fertilizer management that will increase yields while minimizing the use of petro-based agrochemicals which increase emissions.

Special Instructions: Creating a Copy of this Spreadsheet	
Step 1	Finish filling any cells you are working on and hit "Return" or "Enter" .
Step 2	Then click on "Edit" in the menu bar, above. Go down and click on "<u>M</u>ove or Copy Sheet" . The "Move or Copy" dialog box will open. (NOTE: You may also open this dialog box by using the right button on your mouse and clicking on the "T4-2.1 Land Use" tab near the bottom of the screen.)
Step 3	Next, scroll down in the dialog box and click on "T4-2.1 Land Use" .
Step 4	Next, click on the box at bottom to Create a copy .
Step 5	Hit "OK" . A new copy of T4-2.1 Land Use will appear in the row of tabs near the bottom of the screen. PLEASE NOTE: Some cells may not retain all the original ntext when the sheet is copied, especially in the definitions sections.

Please fill in the YELLOW cells to complete the table.

TABLE 5							
Result 2: Reduced Net Greenhouse Gas Emissions from the Land Use/Forest Management Sector							
Indicator 3: National/sub-national policy advances in the land use/forestry sector that contribute to the preservation or increase of carbon stocks and sinks, and to the avoidance of greenhouse gas emissions							
PLEASE SEE BELOW FOR DEFINITIONS necessary to complete this table.							
Policy Measure	Scope (N or S)	STEP 1: Policy Preparation and Presentation	STEP 2: Policy Adoption	STEP 3: Implementation and Enforcement	List Activities Contributing to Each Policy Category	SO Number for Activity	CN/TN Number for Activity
Ex: Facilitates establishment and conservation of protected areas	N	2	1		Two studies completed on national protected areas law for the Environment Min., including recommendations for legal reform; revised National Protected Areas Law adopted, Min. Decree No. 1999/304.	3.1	TN-556-27
Facilitates improved land use planning	N/A	N/A	N/A	N/A			
Facilitates sustainable forest management							
Facilitates establishment and conservation of protected areas							
Improves integrated coastal management							
Decreases agricultural subsidies or other perverse fiscal incentives that hinder sustainable forest management							
Corrects protective trade policies that devalue forest resources							
Clarifies and improves land and resource tenure							
Other (describe)							
Other							
Other							
Other							
Other							
Sub-total (number of policy steps achieved):		0	0	0			
		Total (number of policy steps achieved):		0			

Definitions: Scope	
National Policies (N)	Policies that influence issues on a countrywide level.
Sub-national Policies (S)	Policies that affect a tribal nation, province, state or region that are neither national nor site specific in impact.
Definitions: Policy Steps Achieved	
Policy Measure	"Policy measures" may include documentation demonstrating a legal, regulatory, or other governmental commitment to a defined course of action. Thus, for example, "policy measures" would include: a national, state, provincial, or local law; a regulation or decree; guidance issued by an agency, ministry, or sub-national body; a land use plan; a National Environmental Action Plan; a Climate Change Action Plan; or a National Communication to the IPCC. The term "policy measures" does not include technical documentation, such as technical reports or land use maps, nor site-specific activities reported under Indicators 1 and 2 (e.g., legal demarcation of individual site or granting of community access to single location).
Policy Preparation and Presentation (Step 1)	Draft bill, policy or regulation, vetted through relevant stakeholders in government, non-government, the private sector and civil society and introduced for debate in appropriate legislative, regulatory, or governmental body.
Policy Adoption (Step 2)	Policy intervention is approved and adopted by the appropriate administrative agency or legislative body. Can take the form of the vote on a law; the issuance of a decree, etc.
Policy Implementation and Enforcement (Step 3)	Actions that put the policy interventions into effect, such as agency personnel trained in procedures, appropriate institutions created or strengthened, or legislation implemented through the appropriate government agency.

Please fill in the YELLOW cells to complete the table.

TABLE 6							
Result 2: Reduced Net Greenhouse Gas Emissions from the Land Use/Forest Management Sector							
Indicator 4: Value of Public and Private Investment Leveraged by USAID for Activities that Contribute to the Preservation or Increase of Carbon Stocks and Reduction of Greenhouse Gas Emissions							
PLEASE SEE BELOW for DEFINITIONS necessary to complete this table.		Source of Leveraged Funds	Describe methodology for determining amount of funding	Direct Leveraged Funds	Indirect Leveraged Funds	SO Number for Activity	CN/TN Number for Activity
Activity Description							
Ex	National Nature Conservation Fund	National Government	Figure reflects direct, in-kind contribution of national government.	\$572,800		3.3	TN-556-27
Ex	Big Forest Climate Change Action Project	The Nature Conservancy and the Friends of Nature Foundation	NGOs initiated independent activity with separate funding, building on earlier USAID conservation project.		\$1,700,000	3.3	CN-23-222
1	N/A						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
Total:				\$0	\$0		

Definitions: Funding Leveraged	
Direct Leveraged Funding	Funding leveraged directly in support of USAID activities and programs, including: <ul style="list-style-type: none"> - funding leveraged from partners for joint USAID activities; - funding for activities in which USAID developed enabling policies, regulations, or provided pre-investment support (prorated); - obligated or committed funding for direct follow-on MDB loan programs (prorated); - obligated or committed funding for direct follow-on private-sector funded programs that reach financial closure (prorated); - joint implementation investments; - Development Credit Authority investments.
Indirect Leveraged Funding	Funding dedicated by other donors or governments to replicate programs that USAID initiated, but which USAID does not or will not itself fund.

Please fill in the YELLOW cells to complete the table.

TABLE 6				
Result 2: Reduced Net Greenhouse Gas Emissions from the Land Use/Forest Management Sector				
Indicator 5a: Increased Capacity to Address Global Climate Change Issues				
Number of institutions strengthened to address GCC issues		Names of Associations, NGOs, or other Institutions Strengthened	SO Number for Activity	CN/TN Number for Activity
Ex: Number of NGOs	4	Friends of Nature Foundation, SITA, Sustainable Forests Unlimited	3.2	CN-23-222
Number of NGOs	N/A			
Number of Private Institutions				
Number of Research/Educational Institutions				
Number of Pubic Institutions				
Total Number of Institutions Strengthened:	0			

Please fill in the YELLOW cells to complete the table.

Table 8					
Result 2: Reduced Net Greenhouse Gas Emissions from the Land Use/Forest Management Sector					
Indicator 5b: Technical Capacity Strengthened through Workshops, Research, and/or Training Activities					
Category	Types of Support Provided (mark with an "X" for each category)		List the Activities that Contribute to Each Capacity Building Category	SO Number for Activity	CN/TN Number for Activity
	Training	Technical Assistance			
Ex: Advancing sustainable forest management	1	1	Presentation of nursery & reforestation studies; US training on resource mgmt; env'l impact assessment law training; forest restoration & recovery workshop. TA for fire prevention.	3.3	CN-23-222
Advancing improved land use planning	N/A				
Advancing sustainable forest management					
Advancing establishment and conservation of protected areas					
Advancing integrated coastal management					
Advancing decreases in agricultural subsidies or other perverse fiscal incentives that hinder sustainable forest management					
Advancing the correction of protective trade policies that devalue forest resources					
Advancing the clarification and improvement of land and resource tenure					
Other (describe)					
Other					
Other					
Other					
Other					
Number of categories where training and technical assistance has been provided:	0	0			

Please fill in the YELLOW cells to complete the table.

TABLE 9												
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas												
Indicator 1: Emissions of Carbon Dioxide Equivalents Avoided, due to USAID Assistance (Measuring Carbon Dioxide, Methane, and Nitrous Oxide)												
PLEASE SEE BELOW for CODES necessary to complete this table.		3.1 A - CO2 Emissions avoided through renewable energy activities			3.1 B - CO2 emissions avoided through end use energy efficiency improvements			3.1 C - CO2 emissions avoided through energy efficiency improvements in generation, transmission, and distribution (including new production capacity)			SO number for Activity	CN/TN Number for Activity
		MW-h produced in electricity generation	BTU's produced in thermal combustion	Fuel type replaced (use codes)	MW-h saved	BTU's saved in thermal combustion	Fuel type saved (use codes)	MW-h saved	BTU's saved in thermal combustion	Fuel type saved (use codes)		
Ex	Activity											
	Renewable Energy Production Prog.	512,258		J							2.1	CN-120-97
Ex	Steam & Combustion Efficiency Pilot Proj.					1,832,144	J				2.1	CN-120-97
Ex	Power Sector Retrofits							912,733		T	2.1	CN-120-97
1	N/A											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
Totals:		0	0		0	0		0	0			

PLEASE SEE BELOW for CODES necessary to complete this table.		3.1 D - CO2 emissions avoided as a result of switching to cleaner fossil fuels (including new production capacity)				3.1 E - Methane emissions captured from solid waste, coal mining, or sewage treatment		3.1 F - Tonnes of nitrous oxide emissions avoided through improved agriculture		SO number for Activity	CN/TN Number for Activity
		MW-h produced in electricity generation	BTUs produced in thermal combustion	Old fuel type (use codes)	New fuel type (use codes)	Tonnes of methane	Tonnes of nitrous oxide				
Ex	Activity										
	Clean Fuels Program	4,551		H	FF					2	CN-120-97
Ex	Municipal Landfill Proj.						450			2	CN-120-97
Ex	Sust. Ag. & Devt. Proj.								575	2	CN-120-97
1	ESCO Development Prog.									1.5	TN 78
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
Totals:		0	0				0		0		

Codes for Fule Type			
Fuel Types		Code	Fuel Name
Liquid Fossil	Primary Fuels	A	Crude oil
		B	Orimulsion
		C	Natural gas liquid
	Secondary Fuels	D	Gasoline
		E	Jet kerosene
		F	Other kerosene
		G	Shale oil
		H	Gas/diesel oil
		J	Residual fuel oil
		K	LPG
		L	Ethane
		M	Naphtha
		N	Bitumen
		O	Lubricants
		P	Petroleum coke
		Q	Refinery feedstocks
		R	Refinery gas
		S	Other oil
Solid Fossil	Primary Fuels	T	Anthracite (coal)
		U	Coking coal
		V	Other bituminous coal
		W	Sub-bituminous coal
		X	Lignite
		Y	Oil shale
		Z	Peat
	Secondary fuels/ products	AA	BKB & patent fuela
		BB	Coke oven/gas coke
		CC	Coke oven gas
		DD	Blast furnace gas
Gaseous Fossil		EE	Natural gas (dry)
Biomass		FF	Solid biomass
		GG	Liquid biomass
		HH	Gas biomass

Please fill in the YELLOW cells to complete the table.

TABLE 10							
Result 3: Decreased Net Greenhouse Gas Emissions from the Energy Sector, Industry, and Urban Areas							
Indicator 3: National/sub-national policy advances in the energy sector, industry and urban areas that contribute to the avoidance of greenhouse gas emissions							
PLEASE SEE BELOW for DEFINITIONS necessary to complete this table.	Scope (N or S)	STEP 1: Policy Preparation and Presentation	STEP 2: Policy Adoption	STEP 3: Implementation and Enforcement	List Activities Contributing to Each Policy Category	SO Number for Activity	CN/TN Number for Activity
Policy Measure							
Example: Facilitates improved demand side management or integrated resource planning	N	2	1		Mission supported introduction of two decrees for energy tariff reforms (pursuant to National Energy Reform Law) in the national parliament; one decree was adopted.	2.4	CN-577-92
Facilitates improved demand side management or integrated resource planning	N	1			Metering Improvement Prog; support Development of Least Cost Generation Plan, DSM Study	1.5	TN 78
Facilitates competitive energy markets that promote market-based energy prices, decrease fossil fuel subsidies, or allow open access to independent providers	N	1			GOA issued a resolution on privatization of energy sector entities; Mission is supporting in 4 Distribution Companies' privatization process; Draft Grid Code was developed.	1.5	TN 78
Facilitates the installation of energy efficient or other greenhouse gas reducing technologies, including improved efficiencies in industrial processes							
Facilitates the use of renewable energy technologies	N	1			Rehabilitation of 112 MW Giumush HPP, Developed statement of work for Vorotan Cascade Rehabilitation.	1.5	TN 78
Facilitates the use of cleaner fossil fuels (cleaner coal or natural gas)							
Facilitates the introduction of cleaner modes of transportation and efficient transportation systems							
Promotes the use of cogeneration							
Other (describe)							
Other							
Other							
Other							
Other							
Sub-total (number of policy steps achieved):		3	0	0			
Total (number of policy steps achieved):				3			

Definitions: Scope	
National Policies (N)	Policies that influence issues on a countrywide level.
Sub-national Policies (S)	Policies that affect a tribal nation, province, state or region that are neither national nor site specific in impact.
Definitions: Policy Steps Achieved	
Policy Measure	"Policy measures" may include documentation demonstrating a legal, regulatory, or other governmental commitment to a defined course of action. Thus, for example, "policy measures" would include: a national, state, provincial, or local law; a regulation or decree; guidance issued by an agency, ministry, or sub-national body; a land use plan; a National Environmental Action Plan; a Climate Change Action Plan; or a National Communication to the IPCC. The term "policy measures" does not include technical documentation, such as technical reports or land use maps, nor site-specific activities reported under Indicators 1 and 2 (e.g., legal demarcation of individual site or granting of community access to single location).
Policy Preparation and Presentation (Step 1)	Draft bill, policy or regulation, vetted through relevant stakeholders in government, non-government, the private sector and civil society, and introduced for debate in appropriate legislative, regulatory, or governmental body.
Policy Adoption (Step 2)	Policy intervention is approved and adopted by the appropriate administrative agency or legislative body. Can take the form of the voting on a law; the issuance of a decree, etc.
Policy Implementation and Enforcement (Step 3)	Actions that put the policy interventions into effect, such as agency personnel trained in procedures, appropriate institutions created or strengthened, or legislation implemented through the appropriate government agency.

Please fill in the **YELLOW** cells to complete the table.

Table 11					
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas					
Indicator 4: Strategies/Audits that Contribute to the Avoidance of Greenhouse Gas Emissions					
Activity		Number of audits or strategies completed	Number or audit recommendations or strategies implemented	SO Number for Activity	CN/TN Number for Activity
Ex	Steam & Combustion Efficiency Pilot Project	41	35	2.1	CN-577-92
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
Total:		0	0		

Please fill in the YELLOW cells to complete the table.

TABLE 12							
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas							
Indicator 5: Value of Public and Private Investment Leveraged by USAID for Activities that Reduce Greenhouse Gas Emissions							
PLEASE SEE BELOW for DEFINITIONS necessary to complete this table.		Source of Leveraged Funds	Describe methodology for determining amount of funding	Direct Leveraged Funds	Indirect Leveraged Funds	SO Number for Activity	CN/TN Number for Activity
Activity Description							
Ex	National Renewable Energy Program	Dept. of Energy, World Bank-GEF	DOE direct buy-in to USAID. In FY99, GEF funded replication of NREP activity begun in FY98, called the Renewables for Economic Devt Proj.	\$120,000	\$2,500,000	2	CN-577-92
1	Gyumush HPP Rehabilitation	World Bank	USAID provided grant to the World Bank to assist in rehabilitation Gyumush HPP		\$1,365,000	1.5	TN 78
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
Total:				\$0	\$1,365,000		

Definitions: Funding Leveraged	
Direct Leveraged Funding	Funding leveraged directly in support of USAID activities and programs, including: <ul style="list-style-type: none"> - funding leveraged from partners for joint USAID activities; - funding for activities in which USAID developed enabling policies, regulations, or provided pre-investment support - obligated or committed funding for direct follow-on MDB loan programs (prorated); - obligated or committed funding for direct follow-on private-sector funded programs that reach financial closure (prorated); - joint implementation investments; - Development Credit Authority investments.
Indirect Leveraged Funding	Funding dedicated by other donors or governments to replicate programs that USAID initiated, but which USAID does not or will not itself fund.

Please fill in the YELLOW cells to complete the table.

TABLE 13				
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas				
Indicator 6a: Increased Capacity to Address Global Climate Change Issues				
Number of institutions strengthened to address GCC issues		Names of Associations, NGO's or other Institutions Strengthened	SO Number for Activity	CN/TN Number for Activity
Example: Number of NGOs	5	Center for Cleaner Production, Association of Industrial Engineers, National Solar Energy Foundation, Clean Air Alliance, Institute for Industrial Efficiency	2.4	CN-577-92
Number of NGOs	N/A			
Number of Private Institutions				
Number of Research/Educational Institutions				
Number of Public Institutions				
Total Number of Institutions Strengthened	0			

Please fill in the YELLOW cells to complete the table.

Table 14					
Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas					
Indicator 6b: Technical Capacity Strengthened through Workshops, Research, and/or Training Activities					
Category	Types of Support Provided (mark with an "X" for each category)		List the Activities that Contribute to Each Capacity Building Category	SO Number for Activity	CN/TN Number for Activity
	Training	Technical Assistance			
Example: Use of renewable energy technologies	1	1	Developed sustainable markets for renewable energy technologies. Over 200 renewable energy systems installed. Training for utilities, government officials, NGOs. Study on renewable energy applications completed.	2.4	CN-577-92
Improved demand-side management or integrated resource planning	x	x	DSM Study; ESCO Development Program, Least Cost Generation Plan.	1.5	TN 78
Competitive energy markets that promote market-based energy prices, decrease fossil fuel subsidies, or allow open access to independent providers	x	x	Power Sector Reform/Pricing Policy including evaluations, assessments and training programs designed to facilitate competitive markets and market-based energy prices, including evaluations, assessments and training programs designed to facilitate competitive markets and market-based energy prices. Energy Management Training Program conducted in the areas of electric power, natural gas, and business improvements/support for the privatization process.	1.5	TN 78
Installation of energy efficient or other greenhouse gas reducing technologies, including improved efficiencies in industrial processes		x	Rehabilitation of Giumush HPP; development of Vorotan Cascade Rehabilitation Plan.	1.5	TN 78
Use of renewable energy technologies					
Use of cleaner fossil fuels (cleaner coal or natural gas)					
Introduction of cleaner modes of transportation and efficient transportation systems					
Use of cogeneration					
Other (describe)					
Other					
Other					
Other					
Other					
Total number of points for Training/Technical Assistance:	2	3			

The following stories represents a small sample of the people-level impact of some of USAID's activities.

USAID-funded Small Loan Program Assists Armenia's Self-employed Poor

Related Strategic Objective 1.3: Growth of the Competitive Private Sector

Nina owns a small convenience shop near her home in Yerevan. Two years ago, daily turnover at the shop ranged from 10,000-16,000 Dram (\$20-\$30). Today, turnover at the shop is more than 50,000 Dram (\$100). Her profit margin in the same period has increased by more than 100 percent.

Nina, like most small business owners in Armenia, did not have access to capital and/or other resources to help her operate and sustain her business. In Armenia commercial banks will not make loans without collateral or credit ratings. Most businesspeople, including Nina, do not have adequate collateral or credit ratings to qualify for a commercial loan, nor did she have capital to acquire necessary business skills.

Instead, Nina and more than 600 other small business owners have turned to a USAID/Armenia funded program aimed at increasing economic opportunities for micro-entrepreneurs through the provision of financial and non-financial services. The Foundation for International Community Assistance (FINCA) provides small loans, a savings program, and technical support for the self-employed. Founded in 1984, FINCA is a nonprofit, private volunteer organization. It provides small loans and technical assistance to the self-employed poor in 17 countries around the world.

Through the FINCA program, Nina received one loan and has been approved for a second. She used the first FINCA loan to purchase goods at wholesale prices, instead of on consignment, and to broaden her product base to include goods in higher demand. Nina also received technical assistance to help her to develop a business plan and to adopt more efficient accounting procedures. She is also developing a savings plan to help sustain her business.

Since 1995, USAID/Armenia has undertaken macro- and micro-level initiatives to transform the business climate in Armenia. Specific USAID interventions include the promotion of policy, legal and regulatory changes to improve the prospects for competitive business development and private investment; as well as the provision of firm-level credit, technical assistance and training. In addition, the Mission is assisting the Government of Armenia in the process of privatizing state-owned holdings.

USAID-Sponsored Program Provides Heat to Public Facilities

Related Strategic Objective 1.5: Economically/Environmentally Sustainable Energy Sector

The two thousand children enrolled in School #1 in the city of Spitak are used to cold weather. The temperature in winter often drops below minus 22 degrees Celsius. The majority of houses and public buildings – including schools – are poorly insulated and lack functioning heating systems. As a result, most schools in the region close in mid December and do not open until mid March – forcing students and teachers to extend the school year through the summer break.

School #1 was built in 1998 with assistance from the Armenian Social Investment Fund (ASIF). The ASIF project included an internal distribution system for hot water heating but at the time of construction natural gas to heat the water was not available. Last year, despite the lack of a centralized heating system, children attended classes at School #1 throughout the winter with the help of kerosene heaters and wood burning stoves. However, the children and their teachers had to wear coats, scarves and gloves to class.

In March 1999, USAID/Armenia contracted with Advanced Engineering Associates, Inc. (AEAI) to work with existing and newly formed energy service companies (ESCOs) in Armenia to enhance their technical and management skills while implementing a combined weatherization and heating system improvement program. The weatherization and heating system improvement program was designed to improve working conditions in critical public facilities including hospitals, schools, orphanages and elderly housing. AEAJ subcontracted Resource Management Associates (RMA) and the Armenian Relief Society (ARS) to implement the program.

Four schools were selected to participate in the program; 2 in Yerevan, 1 in Giumri and 1 in Spitak. School #1 in Spitak was a perfect candidate for the project because the relatively new windows and doors did not have to be replaced and they could easily be weatherized. In addition, the internal distribution system for hot water heat was already present. There was also adequate space on the property to construct a facility to house a new water heating boiler for the school. The RMA worked with 2 local contractors to implement the program. The “VN” company built the boiler house and “Service” company weatherized the school.

The weatherization of School #1 began in the summer of 1999. The boiler house was constructed and the boiler was purchased and installed in late fall 1999. The natural gas pipeline was recently connected to the boiler and the school now has a permanent heating system. This year the municipality will pay for the natural gas supply for the school. In the future, School #1 will incorporate the cost of the natural gas supply in their yearly budget request to the municipality. To keep costs at a minimum, the local ESCOs are working with school and municipality officials on an energy efficiency and conservation program.

As a result of USAID/Armenia’s weatherization and heating system improvement project: 9 schools, 30 hospitals, 3 orphanages and 2 elderly houses have been weatherized since 1993; more than 120 Armenians have been trained in high quality weatherization and carpentry skills;

two local manufacturers of weatherization supplies have been established; and the benefits of weatherization have been demonstrated, an important step in developing a market demand for an energy conservation industry in Armenia.

USAID's energy sector assistance began in FY 1992, responding to the emergency situation faced by Armenia in that period. Humanitarian-oriented efforts included the provision of fuel oil and spare parts for electricity generation from the thermal power plants, and the weatherization and heating system improvement project. Today, USAID's energy sector program is aimed at systemic reform to: increase private sector participation; promote economic and environmental efficiency; and to diversify energy sources.

One Woman Promotes Legal Reform in Armenia

Related Strategic Objective(s): 2.1 More Transparent, Accountable and Responsive Democratic Governance

Karine Gasparyan is an advocate in a small law firm in Vanadzor, Armenia. In January 1999, she was selected to participate in a US-based training program organized by the Academy for Educational Development (AED). Since her return from training, she has been actively involved in assisting citizens in understanding the legal system and in defending the rights of citizens, particularly the rights of women and children.

The training program she attended in the United States provided participants with a practical understanding of the adversarial system as implemented through the US's civil and criminal procedure system. The program is part of the Global Training for Development (GTD) project funded by USAID. The goal of the GTD Project is to provide leaders and professionals with the practical knowledge and technical skills needed to create policies, programs, and institutions which support the transition to democratic governance and free market economies.

As a result of her training experience, Ms. Gasparyan established a Non Governmental Organization (NGO) called, "Defending the Rights of Women and Children". Through this NGO, she provides free advice to women and children to help them better understand their legal rights. She also established a hot line that citizens can call for free legal advice.

Ms. Gasparyan also shares her training experience with colleagues, judges and prosecutors and she is taking part in forums to discuss implementation of reforms to Armenia's existing rules of criminal and civil procedure. During her GTD training program, she made a documentary film about some of the training activities including site visits, interviews and lectures on comparative legal systems. The film was later broadcast on a local television station in Vanadzor to help citizens gain a better understanding of the similarities and differences between the Armenian legal system and the US legal system. She has also provided a comparative analysis of the US and Armenian legal systems on local radio programs and in local newspapers. In addition, she delivers special lectures on comparative law at the law department of Vanadzor's Mkhitar Gosh University. By comparing positive and negative aspects of different legal systems, Ms. Gasparyan hopes to encourage citizens to advocate for legal reform in Armenia.

Since 1996, USAID/Armenia has provided support for initiatives designed to promote the rule of law in Armenia. The rule of law initiative is part of USAID's overall objective to develop a more effective and transparent governing system that allows for and encourages citizens to hold government accountable for its actions. USAID plans to achieve this by supporting programs which help ensure that: citizens know their rights and responsibilities, are well-informed about current issues, and know how to voice their opinions effectively; government officials at all levels are willing and able to respond to citizens; and a functioning legal system is independent and upholds the rule of law.

Junior Achievement of Armenia: “Making a Difference in Kids’ Lives”

Related Strategic Objective 2.1: More Transparent, Accountable, and Responsive Democratic Governance

“We want to make a difference in kids’ lives, that’s why we’re here.” Armine Hovannisian, Executive Director, Junior Achievement of Armenia

The Junior Achievement of Armenia’s (JAA) civic education program is making a difference in kids’ lives today and giving them the tools to make a difference in their own lives tomorrow.

Junior Achievement of Armenia was established in 1992 to assist Armenia’s transition from communism to democracy by introducing an applied economics education program. In 1998, with assistance from USAID/Armenia, JAA began supporting a civic education program in Armenia. Today JAA economics and civic education elective courses are available to more than 24,000 students in 350 educational institutions including high schools, universities and specialized technical colleges in every region of Armenia.

The primary goal of the JAA civic education program is to help students understand the roles and responsibilities of citizens, the government and non-governmental institutions in a democracy. Under the program, JAA is providing civic education training for teachers. So far, more than 350 teachers have completed the training program. For the past three years, a select group of these teachers have gone to the U.S. to see first-hand how civic education is taught in American classrooms. JAA also wrote and published the first civic education textbook designed specifically for Armenia. In addition, JAA conducts a summer camp for the most outstanding students in civic education. The summer camp includes additional courses on civic education, role-playing activities and special guest lecturers.

The following comments from students are a testament to the success of the JAA civic education program. According to one student, "This class changed our outlook in life. I am not shy about approaching government officials nor asking them questions. I know that I am important and I can make a difference". Another student writes, "The information we attained in this class should be learned by all, old or young because everyday when we watch TV, read the newspapers, we come across this information and now we can better understand it." And still another student writes: "I am a better person and a better citizen for taking this class."

In 1999, recognizing the importance of civic education and JAA’s role, the Minister of Education and Science of Armenia asked Ms. Hovannisian to form a working group to draft standards for civic education in Armenia. The working group was comprised of 20 members including teachers, school principals, professors, sociologists and representatives from the Ministry of Education and Science and the Education Reform Center.

In the fall of 1999, the standards were completed. The standards were reviewed and approved by the Constitutional Court of Armenia, the Faculty of Law at Yerevan State University and the

Armenian Academy of Sciences. The Minister of Education and Science is currently reviewing the standards. If the Minister approves the standards, they will become the basis for mandatory civic education courses in the 8th, 9th and 10th grades in 2001.

Support for civic education is part of USAID's objective to develop a more effective and transparent governing system that allows for and encourages citizens to hold government accountable for its actions. In addition to JAA, USAID is supporting other programs which help ensure that: citizens know their rights and responsibilities, are well-informed about current issues, and know how to voice their opinions effectively; government officials at all levels are willing and able to respond to citizens; and a functioning legal system is independent and upholds the rule of law.

Helping Communities to Help Themselves

Related Strategic Objective(s):

2.1 More Transparent, Accountable, and Responsive Democratic Governance

3.4 Mitigation of the Adverse Social Impacts of the Transition

In 1996, the 185 inhabitants of Ltsen, a small community in southern Armenia, joined together to construct an irrigation network to provide the village with water for farming. Two years later, the people of Ltsen again joined together to rehabilitate a local health clinic and to establish a funding mechanism to replenish the clinics' supplies.

Outside of the former Soviet Union these may not seem like great tasks. However, in Armenia, as in other former Soviet countries, international aid agencies often find it difficult to bring communities together to solve common problems. The majority of citizens expect government to solve problems in their communities. Unfortunately, local, regional and national governments do not have the resources to meet communities' needs. Instead of relying on the government, the people of Ltsen Village decided to participate in the USAID/Armenia funded Community Development Project.

The USAID/Armenia grant to Save the Children to implement the Community Development Project (CDP) began in 1995. The goal of the CDP is to increase citizen participation in community rehabilitation and development activities. Under the project, Save the Children provides small grants, up to \$10,000, to address priority community needs. The community is responsible for deciding what project to undertake. The community is then asked to form a Civic Action Group (CAG), consisting of 9-12 of the most active members of the community. The CAG represents the community through the implementation of the project. The community is also required to provide at least 20% (financial or in-kind) of the total cost of the project with matching funds. However, in Armenia, the average matching community contribution – 44% – is well above the minimum requirement.

The Ltsen Village is located in an agriculturally rich area outside of Sisian in southern Armenia. Unfortunately, for 10 years, the people of Ltsen were unable to farm because of the lack of an irrigation network. As a result, when Save the Children, working in cooperation with the German Society for Technical Cooperation (GTZ), approached them with the CDP, the Ltsen community decided to construct an irrigation water network. The village needed 2,450 meters of pipelines to tap into the irrigation system of a neighboring village. With CDP and GTZ assistance, the pipelines were procured for the village. The citizens of Ltsen provided labor for the digging of ditches for the irrigation network. The new pipeline allowed the people of Ltsen to grow their own cabbage and potatoes for local consumption and to sell in neighboring villages. As a result of the new crops, the average household income increased by \$100 per year.

The Ltsen CAG was one of the most active groups in the area and, as a result, they qualified and were approved for a second CDP. For years, the citizens of Ltsen had to go to the house of a local nurse to receive medical assistance. Therefore, the community decided to renovate, furnish and stock a village health facility. The village council supplied two rooms in the local

municipal building for the project. The CAG, with CDP assistance, renovated and procured furniture for the rooms and purchased First Aid supplies.

The community also decided to create a revolving drug fund to ensure that adequate stocks of common drugs would always be available at the health facility – free of charge. The CDP managers and the Ltsen CAG created an innovative method to accomplish the task; they decided to purchase new honeycombs for the production of honey – a major source of income for the village. The new honeycombs belong to the local village council and the income generated from the sale of honey is used to replenish the health facility's drug supply. Between 1998-1999, the village earned 220,000 Dram (\$450) for the purchase of drugs for the health facility.

Today, Civic Action Groups all over Armenia are implementing projects in their respective communities. Since 1995, more than 317 micro-projects, located in 21 regions of Armenia have been completed – more than 370 projects will be completed by the scheduled end of the program in April of 2000. In Armenia, approximately 60% of the micro-projects selected by communities are related to drinking and irrigation water network construction; 16% are education related; 7% health; 10% income generation and agricultural; and 7% are social or cultural related projects.

The Community Development Project is part of USAID/Armenia's objective to reduce human suffering through efforts to strengthen and make sustainable key aspects of the social safety net and health care systems, while providing urgently needed services to the most vulnerable citizens. The CDP has an ancillary impact on USAID's objective to develop a more effective and transparent governing system that allows for and encourages citizens to hold government accountable for its actions.

BACKGROUND PAPER ON PENDING GOA ACTIONS (This Annex is for use by the E&E Bureau and other readers of this R4, in order to provide details related to the various references to pending/delayed GOA actions cited in the SO sections.)

Introduction: While Armenia has made some progress in areas relevant to USAID's (and the broader USG's) program interests, the pace of reforms has been inconsistent and at times disappointing. USAID has developed positive working relationships with many line ministries, and USAID's assistance has been generally well received and put to good use. However, USAID's program and Armenia's reform agenda have been hindered by several key obstacles—related to the implementation of Government decrees, passage of legislation and coordination/direction of line ministries. Especially since the October 1999 events, the GOA has not provided the strong leadership needed to address these types of issues. The immediate and aggressive intervention at the highest levels of the GOA is required to ensure that economic, democratic and social reforms are not sidetracked.

General Points on the USG's Position Relative to the GOA's Reform Efforts:

- The USG is committed to supporting Armenia's economic and democratic restructuring, which is the only viable means of ensuring long-term sustainable gains in the standard of living of Armenians.
- While the USG understands the difficult situation facing the GOA, there is no benefit to postponing the aggressive measures that the reform process requires.
- The USG is prepared to continue its assistance in this process, and to finance complementary activities to ensure public support for the GOA's program—to include expanded assistance for private enterprises (particularly SMEs) and the social sectors.
- While in recent month the USG has advocated the softening of some IMF and World Bank conditionality, due to extraordinary circumstances, a firm and consistent stance on pending and future conditionality should be taken by the USG—in coordination with other donors.
- Related to each of these priorities and to the reform process in general, USAID will seek opportunities to educate the public as to the implications of measures being taken—and their long-term benefits. In addition, if the GOA develops a cross-sectoral strategy for outreach to its citizenry, USAID could provide support for such a public education effort.

Actions to be taken by the GOA Related to Specific USAID Programs/Priorities:

1. Support for Private Sector Growth

In order for the private sector to play an appropriate role in the economy, Armenia must continue an aggressive and comprehensive market reform effort. This integrated package includes

privatization, land reform/registration/titling and tax/fiscal reforms—to include conversion to international accounting standards and capital market development.

-- Privatization of state-owned enterprises (including electricity distribution and generation companies) and land is necessary in order to accelerate the development of a free-market economy, thereby stimulating broad-based growth in Armenia. Increased employment and income opportunities should accompany this national-level economic growth. Completion of the privatization process requires line ministries to release the ownership of enterprises to the Ministry of Privatization (MOP), and the subsequent privatization of these enterprises should occur through an open and transparent method. In addition, the high level of debt carried by state-owned enterprises (SOEs) remains a significant stumbling block in moving these enterprises through the privatization process. Furthermore, investor interest in SOEs hinges to a large extent on the development of a legal and regulatory framework that is supportive of private sector growth and public sector institutions that play appropriate roles in relation to private commercial activity.

--The adoption and implementation of fiscal policies and fiscal management practices conducive to macroeconomic stability, increased private sector investment, and sustained economic growth are critical to Armenia's transition to a free market economy. Fiscal stability requires strengthened revenue collection and improved budget and accounting procedures.

--Development of a market-oriented financial sector is critical to the mobilization of resources in the most efficient, transparent and sound manner. The financial sector's ability to appropriately allocate capital drives increases in productivity, leading to economic growth and a higher standard of living. Public confidence in the financial sector must be increased by further strengthening of the regulatory and oversight capacity of the Central Bank of Armenia (CBA).

-- Small and medium enterprises (SMEs) have the potential to play a significant role in Armenia's drive towards a sustainable, market-driven economy. Typically, SMEs are in a position to respond quickly and flexibly to market conditions, thus becoming a principal engine for productivity increase, employment creation and income growth. The relative advantages of SMEs, especially in the Armenian context, include their use of labor-intensive methods and lower capital requirements. However, SMEs are also more vulnerable to the business environment than larger-scale operations, as small/medium entrepreneurs typically have limited capacity to affect changes in or bear the costs of an inappropriate legal/regulatory/institutional framework. Therefore, in addition to increasing the firm-level capacity of SMEs to conduct business, aggressive steps must be taken to establish laws, policies and public sector institutions that support the expansion of the SME sector.

--Accession to WTO is critical to opening Armenia to new export markets.

A number of key government actions and commitments are needed at this point:

- Four “showpiece” companies should be pulled into the privatization preparation pipeline and organized for international tender as soon as possible. The intent is to get the GOA to tender a few, potentially interesting enterprises in a way that might attract solid, foreign strategic investors. The remaining 16 in decree #760 should follow shortly thereafter.

- A minimum of 100 additional companies, the best of the remaining SOEs, should be made ready and transferred to the Ministry of Privatization and offered for sale before the end of the calendar year.
- Pass an Alienation of State Land Law clearly establishing ownership of enterprise land. Legal change is needed to give State and private companies ownership of the land under enterprises free of charge, so that the land can be sold simultaneously with the sale of shares or the sale of the company.
- Accelerate the free distribution of land titles.
- Allow private sector brokers, dealers and related land market specialists and professionals to operate and function free of unnecessary controls by government agencies and departments.
- Define the public sector's responsibilities and the rights of private investors participating in the tender process for electricity distribution companies, and as a next step move to privatization of generation companies.
- Prepare all necessary legal and technical documentation required for successful negotiation of a share purchase agreement and issuing of a license for privatized distribution companies.
- Acting through the Ministry of State Revenue, implement a fair and transparent tax collection system.
- Complete a serious customs diagnostic process and follow through with the reforms indicated by the diagnostic.
- Strengthen the legal framework for non-banking financial organizations (microcredit, credit unions, mortgage and leasing companies).
- Improve the laws on registering and liquidating collateral to enable banks to expand their lending portfolios.
- Develop a strategy for public information on the reform process and its short and long-term implications.
- With USG and EU assistance, translate WTO legislation into English and circulate them to USTR and the WTO Secretariat. Take measures to finish market access negotiations on telecommunications and agricultural tariffs and adopt such key legislation as a WTO-compliant customs code and the protection of intellectual property rights.
- Specific commercial laws requiring GAO action include: Joint Stock Companies, Limited Liability Companies, Administrative Procedures, Collateral, Bankruptcy, Licensing, Public Auction, Registration of Legal Entities, State Procurement, Intellectual Property Rights and Enforcement of Judicial Acts.

2. Rule of Law/Anti-Corruption

The establishment of rule of law and the enforcement of anti-corruption measures will provide the basis for the effective implementation of economic reforms, increase foreign investment, and strengthen citizen's confidence in a democratic system. The GOA has already taken significant steps to increase the independence of the judiciary, but should continue to lessen the Executive Branch's influence over the judiciary and provide adequate resources to the courts. Measures that lead to a more professional civil service and increase the transparency and accountability of government functions and institutions--including at the local level--are critical to anti-corruption efforts.

A number of key government actions and commitments are needed at this point:

- Draft an Administrative Procedures Act that sets baseline standards for the Executive Branch in rulemaking (including public participation), licensing, administrative appeals and judicial review of ministry decisions. The Administrative Procedures Act should also include components related to freedom of information for the public.
- Increase GOA focus on anti-corruption efforts, specifically related to measures, which support economic reform and governmental transparency.
- Adopt a specific law against corruption, to include the criminalization of corruption and the development of specific sanctions for corrupt actions.
- Adopt and implement financial disclosure rules for public officials.
- Adopt and implement conflict of interest rules and codes of ethics for civil servants.
- Adopt and implement regulations providing protection for “whistleblowers.”
- Adopt and implement the OECD anti-bribery convention.
- Improve legislation, which affects decentralization. This includes amending the Law on Local-Self Government to give local governments greater authority and autonomy. Amendments should also differentiate between cities and villages and their capability to provide services to their communities.

3. Social Safety Net and Service Delivery

The creation and implementation of a sustainable social safety net is necessary to the political sustainability of both market reforms and democracy. While Armenia has developed social insurance and social assistance mechanisms to address the needs of the most vulnerable, these systems need to be adapted to meet the changing nature of the economy and society, and to fit within public sector budget realities. Current social assistance and primary health care programs need to be reformed and better targeted to ensure that those most in need of services are able to access them.

USAID will embark on a new program that will provide support to establish the legal, regulatory and institutional foundation for sustainable social insurance systems, including those that cover pensions, unemployment, disability and health. At the same time, to meet the immediate needs of the population, USAID will also support alternative non-governmental mechanisms for meeting social service and primary health care needs, and will provide technical assistance to increase the efficiency and effectiveness of existing government programs. In order to provide short-term employment opportunities among particularly needy groups—as well as to address the small-scale infrastructure needs in certain communities, USAID will support public works. In the earthquake zone (EQZ), where more than 26,000 households are still in temporary shelters as a result of the 1988 earthquake, USAID will support the implementation of a pilot housing certificate program. The pilot could be expanded to cover the EQZ area. The certificate program will be supplemented by a social program targeting the most vulnerable population in the EQZ.

A number of key government actions and commitments are needed at this point:

- Develop, submit and enact key legislation for social insurance systems.
- Approve the implementation of an integrated personal identification numbering system required to support pension and other social insurance reforms.
- Define appropriate roles for the GOA and non-governmental organizations in the provision of social services and primary health care.
- Allocate a greater level of resources for primary health care.
- Provide support, including GOA co-financing, for the implementation of a pilot housing certificate program in the earthquake zone, ensuring that donor programs in the earthquake zone are well-coordinated and implemented in a transparent manner.
- Define and make public the GOA's policy to addressing shelter needs in the earthquake zone.

Text for SO 1

Country/Organization: USAID Armenia

Objective ID: 111-014-01

Objective Name: Investment Increased

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: This Strategic Objective has been subsumed in the Mission's Private Sector Growth (111-013-01) SO, as described in our R4 submission. In order to complete the documentation of this process, this sheet--along with performance monitoring tables for those indicators cited in last year's R4--are being provided as part of an R4 addendum. To the extent that progress towards this SO can be discerned within the Mission's overall economic restructuring portfolio, the assessemnt would be similar to that cited in the R4 for the new comprehensive Private Sector growth SO. That is, over the last year progress did not meet expectations, primarily due to a range of major policy-level obstacles that have yet to be resolved. The structural reform process stalled, first in the run-up to May's Parliamentary elections, then during the settling-in period of the new GOA, and finally in the aftermath of the October assassinations. Specifically related to those activities/results previously housed under the Increased Investment SO, the most glaring disappointment was the lack of progress towards the development of capital markets in Armenia. Progress was achieved relative to bank supervision, land registration/titling systems and the modernization of tax/fiscal systems, but even in these areas delays were experienced and serious obstacles must be overcome in order for USAID's program to have a lasting and significant impact. As with all aspects of the economy, rampant corruption and the generalized ineffectiveness of GOA institutions to establish a positive business environment have inhibited the growth of private investment. A clear indication of disappointing performance under this SO is the fact that foreign investment in 1999 probably reached no more than \$100 million, less than half that of 1998 and less than one-third of the annual target the GOA hopes to reach within the next two years.

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|---|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |

Text for SO 1

- | | |
|---|---|
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Instit. Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Open Markets

Summary of the SO:

N/A

Key Results:

N/A

Performance and Prospects:

N/A

Possible Adjustments to Plans:

N/A

Other Donor Programs:

N/A

Major Contractors and Grantees:

N/A

Text for SO 1

Indicators:

Strategic Objective 111-014-1: Investment Increased			
Country/Organization: Armenia/USAID/Yerevan			
Result Name: Investment increased			
Indicator: Gross fixed investment			
Unit of Measure: % of GDP Source: Armenia Economic Trends Indicator Description: Value of fixed investment as proportion of GDP Comments: --1999 data available through the 3 rd quarter -- Under its new Financial Sector IR within the comprehensive Private Sector Growth SO, the Mission will no longer report on this indicator, as increased investment is beyond USAID's manageable interests. Instead, the revised IR/indicators will focus on increased access to financial capital.	Calendar Year	Planned	Actual
	1997	Baseline	10
	1999	11	16.9
	2000	N/A	
	2001	N/A	
	2002	N/A	
	2003	N/A	

Strategic Objective 111-014-1: A More Competitive and Market-responsive Private Financial Sector			
Country/Organization: Armenia/USAID/Yerevan			
Result Name: Increased public confidence in the banking system			
Indicator: Real growth of deposits			
Unit of Measure: % Source: Central Bank of Armenia (CBA) Indicator Description: Percent real change in the dram value of demand deposits, time deposits and foreign currency deposits at year-end (adjusted by inflation rate: 13.9%, -1.3%, 2.7% in 1997-1999). Comments: --While the significant increases experienced over the last several years can be attributed in part to the very low savings base, they are also an indication of the systemic reforms that USAID has supported. --Slower than expected growth in 1999 can be attributed to the broader economic and political upheaval/set-backs experienced in Armenia over the last year. --In the future, the Mission will report on the change in household deposits, since this indicator is considered more simplified and more directly related to USAID's interventions.	Calendar Year	Planned	Actual
	1996 (end of year)	Baseline	19.6 billion AMD
	1997	N/A	48
	1998	8.5	67
	1999	35	20
	2000	N/A	
	2001	N/A	
	2002	N/A	
	2003	N/A	

Text for SO 1

Strategic Objective 111-014-1: Investment Increased			
Country/Organization: Armenia/USAID/Yerevan			
Result Name: Business laws and regulations are equitable and effectively administered			
Indicator: Microeconomic policy rating			
Unit of Measure: 1-7 scale (1 representing the most advanced) Source: Freedom House Indicator Description: Progress towards economic reforms in terms of microeconomic policy as reported by Freedom House in its annual <i>Nations in Transit</i> report. Comments: --The Freedom House Report for 1999 has not been issued. Furthermore, the elements of the index have changed from one year to the next, invalidating it for our purposes. Instead, in the future the Mission will utilize quantitative data and the more relevant EBRD Banking Reform and Interest Rate Liberalization Index.	Calendar Year	Planned	Actual
	1998	Baseline	4.25
	1999	3.75	N/A
	2000	N/A	
	2001	N/A	
	2002	N/A	
	2003	N/A	

Strategic Objective 111-014-1: Investment Increased			
Country/Organization: Armenia/USAID/Yerevan			
Result Name: Viable, well-regulated capital market			
Indicator: Capital market institutions established and functioning			
Unit of Measure: date effective Source: PriceWaterhouseCoopers Indicator Description: Infrastructure for modern capital markets development Comments: --The Security Markets Law, which would establish the SEC, was not passed in 1999 as expected. --Approximately 95% of all companies are registered. --Under the PMP for the new comprehensive Private Sector Growth SO, progress related to capital markets will be included within a matrix of broader policy/legislative/institutional actions towards which USAID is working.	Calendar Year	Planned	Actual
	1998	Baseline	Non-viable capital market
	1999	<ul style="list-style-type: none"> ➤ Independent securities exchange commission (SEC) appointed ➤ Company shares registered 	See comments
	2000	N/A	
	2001	N/A	
	2002	N/A	
	2003	N/A	

Text for SO 1

Country/Organization: USAID Armenia

Objective ID: 111-022-01

Objective Name: Laws are Enforced and Adjudicated Impartially

Self Assessment: Not Meeting Expectations

Self Assessment Narrative: This Strategic Objective has been subsumed in the Mission's Democracy and Governance (111-021-01) SO, as described in our R4 submission. In order to complete the documentation of this process, this sheet--along with performance monitoring tables for those indicators cited in last year's R4--are being provided as part of an R4 addendum. The Mission's assessment of progress towards this SO in 1999 is similar to that cited in the R4 for the new comprehensive Democracy and Governance SO. That is, over the last year progress did not meet expectations. In 1998 and early 1999, much had been accomplished to improve the structure of the legal system. However, continued progress has been much slower. For example, even as legislative changes led to the judiciary becoming structurally more independent, there continues to be informal dependence on the historically strong prosecutors. USAID also expected a constitutional amendment to be passed in 1999, which would remove executive branch participation from the Council of Justice. However, a number of procedural delays as well as political turmoil caused by the parliamentary elections in May and the assassinations in October, resulted in no constitutional amendments being passed. Progress was made with legal professional associations and both the Association of Judges of the Republic of Armenia (AJRA) and the Bar Association of the Republic of Armenia (BARA) adopted ethics codes for their members in 1999. However, membership in these organizations, and therefore adherence to the code, is voluntary. The public continues to lack confidence in the judiciary (only 14.1% of people in USAID's 1999 survey expressed having a great deal or fair amount of confidence in judges), although there is some evidence that they have begun to turn to the courts to help solve problems. For the national parliamentary elections, for example, thousands of people successfully petitioned the courts to have their names added to voter lists. USAID also put considerable effort into the drafting and passage of an administrative procedures act, which would clarify various governmental processes and simplify citizen access. In 1999, however, the government, did not move forward with the drafting or passage of this legislation.

Primary Link to Strategic Agency Framework: 2.1 Rule of Law/Human Rights
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

Text for SO 1

- | | |
|--|---|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Instit. Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

N/A

Key Results:

N/A

Performance and Prospects:

N/A

Possible Adjustments to Plans:

N/A

Other Donor Programs:

N/A

Major Contractors and Grantees:

N/A

Text for SO 1

Objective Name: Laws are Enforced and Adjudicated Impartially				
Objective ID: 1110-022-01				
Approved: March 1999		Country/Organization: USAID/Armenia		
Result Name: Enactment of effective and fair laws and regulations that protect civil and economic rights				
Indicator: Year Selected Laws are Enacted		Year	Planned	Actual
Unit of Measure: Date		1995	NA	*Constitutional Court
Indicator/Description: The selected laws have been identified as critical to advancing the Armenian legal reform agenda in terms of civil and economic rights		1996	*Law on Public Organizations	*Public Organizations
		1997	*Law on Procuracy	
Comments:		1998	*Civil Code *Criminal Procedures *Structure of Judiciary *Status of Judges *Execution of Court Judgements *Advocacy Services *Operational investigations *Law on Media *Criminal Code *Universal Electoral Code	*Law on Procuracy *Civil Code *Criminal Procedures *Law on Judiciary *Status of Judges *Execution of Court Judgements *Law on Advocates
		1999		*Universal Electoral Code

Objective Name: Laws are Enforced and Adjudicated Impartially				
Objective ID: 1110-022-01				
Approved: March 1999		Country/Organization: USAID/Armenia		
Result Name: Laws are Enforced and Adjudicated Impartially				
Indicator: Public Confidence in Court Decisions		Year	Planned	Actual
Unit of Measure: Percent of people surveyed		1999	Baseline	20.1%
Indicator/Description: The percentage of people surveyed who strongly or somewhat agree that court decisions are rendered fairly and in keeping with the law.		2000	25%	
		2001	35%	
Comments: USIA polls undertaken in 1993 and 1996 indicate that roughly 30% of the population responded “a great deal or a fair amount” to the question in reference to the judicial system: “How much confidence do you have in the following Armenian institutions and gov’t. organizations?” The decline in 1999 could reflect an actual decline in public confidence or simply differences in structure of the question or the conduct of the surveys.		2002	37%	
		2003	40%	
No significant gender difference was found with men demonstrating 19.0% confidence in the courts and women stating 21.1% confidence.				

Text for SO 1

Objective Name: Laws are Enforced and Adjudicated Impartially			
Objective ID: 1110-022-01			
Approved: March 1999		Country/Organization: USAID/Armenia	
Result Name: Regulatory Agencies Administer the Laws Impartially			
Indicator: Administrative Procedures Act	Year	Planned	Actual
Unit of Measure: Yes/No re: law adopted + 3 step indicator to measure interim progress	1998	Baseline	No
Indicator/Description: An administrative procedures act is adopted that regulates agency appeals, public hearings, agency rulemaking and access to courts from agency decisions	1999	No	No - Concept paper drafted
	2000	No – Law Drafted	
Comments:	2001	Yes – Law Adopted	

Objective Name: Laws are Enforced and Adjudicated Impartially			
Objective ID: 1110-022-01			
Approved: March 1999		Country/Organization: USAID/Armenia	
Result Name: The judicial branch is independent of other branches of government			
Indicator: Constitutional Amendment, Judicial code of Ethics, Independent Disciplinary Body	Year	Planned	Actual
Unit of Measure: Yes/No, three variables	1999	Constitutional Amendment	No Constitutional Amendment Voluntary Judicial code of ethics passed by AJRA
Indicator/Description: 1) The Constitution is amended to remove executive branch participants from the Council of Justice; 2) a code of ethics requiring impartiality and independence applies to judges; and 3) a body, independent of executive branch control and free of case-specific interference from the Council of Court Chairmen, is responsible for discipline of judges.	2000	Mandatory Judicial Code of Ethics	
Comments:	2001	Independent Disciplinary Body Constitutional Amendment	